



Brotherhood of St Laurence
Working for an Australia free of poverty

MEDIA RELEASE

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Two thirds of renters lack contents cover: Brotherhood highlights hardship of those who can't afford insurance

A Brotherhood of St Laurence discussion paper is looking at ways the not-for-profit sector could help boost insurance coverage for those on low incomes.

Brotherhood Manager Financial Inclusion Tony Robinson wrote the paper titled [Uninsured Australia: the case for not-for-profit insurance.](#)

Mr Robinson says insurance provides a vital safety net, but those least able to replace possessions or absorb a loss are also the least likely to be insured, and a higher rate of coverage among low income Australians would reduce hardship when assets are damaged or lost.

Mr Robinson says most people who don't have insurance say it's because they can't afford it, with 69 per cent in one survey giving that as the main reason.

"In the paper we look at different types of insurance and household contents insurance illustrates the problem. More than half of adults on Newstart allowance and Parenting Payment don't have contents insurance. 67 per cent of Australian renters have none, and 29 per cent of households in general don't have it," he says.

"Further, between 10 and 15 per cent of Australian drivers have no property damage coverage, and many low income drivers experience significant financial loss when sued."

He says a dedicated not-for-profit insurance platform might be, in certain circumstances and for some products, a suitable means of maintaining lower priced products for those who need them most.

The paper looks at some low cost coverage moves already undertaken in the sector:

- Content insurance with rent schemes in the United Kingdom, which appear to offer a workable model for Australia. By offering standard contents policies at fixed prices various housing authorities have secured remarkably affordable coverage. For example, in 2005 many Scottish housing authorities offered up to £10,000 cover for less than one pound per week.
- Australian not-for-profit provider Good Shepherd Microfinance has developed low cost products, for example, contents coverage as low as \$10,000 for \$4 per week.

"Without the need to return shareholder dividends, not-for-profit insurance could deliver products at a lower price than a for-profit entity, particularly if reinsurance does not feature as an input cost," Mr Robinson said.

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