

QBE and IAG show no mercy in a cost-of-living crisis

QBE, one of Australia's major insurance providers, more than doubled its net tax profit from nearly \$900 million (USD \$587) to \$2.8 billion (\$1.355 billion USD).

IAG released its half-yearly results, reporting that profit from insurance is up 75% and that its margins on insurance are up 13.7% from 8.55%. It also states that its underlying insurance margin is up, 13.7% from 8.5%.

Rises in these margins are likely to cause concern for the RBA who this week flagged that some companies are using inflation as a cover to increase prices.

According to the Australian Financial Complaints Authority, insurance complaints were up 50% last year, with complaints on delayed claims up 76%.

Professor Fels recently launched his report into price gouging and unfair pricing practices.

In that report, Professor Fels said insurance ranked as the 15th highest price increase in the Consumer Price Index series. It said between March 2021 and September 2023, insurance prices rose 22.6 per cent.

"This compares to growth of 47.1 per cent between December 2009 and December 2019, meaning the price of insurance had grown just shy of half again in the last two and a half years from what it had grown in the ten years prior to the pandemic," the report said.

Insurance was the 2nd most complained about issue to the Alan Fels Price Gouging Inquiry.

Quotes attributable to ACTU Assistant Secretary Joseph Mitchell:

"Witnesses at the price gouging public hearing in Cairns informed us that access to fair insurance was a significant issue in far North Queensland.

Australia is seeing weather events that are more frequent, more severe and more damaging. When people take out insurance to protect their hard-earned property, they expect insurance companies to honour that deal, and not try to wriggle out of their obligations or price hard working Australians out of affording cover.

"What Professor Fels' report showed is insurance companies have many tools at their disposal such as loyalty taxes, and confusion prices, all used to extract the most they can from their customers.

"When you see the growth in these profits, workers should rightly ask why they are getting priced out of essential cover."

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