

# RESEARCH DIRECTIONS

## Insurance Spending

**Dr Kathy Tannous of the School of Business is examining general insurance expenditure in Australia. This project is funded by the Insurance Council of Australia.**

'General insurance is a term that applies to insurances such as home and contents, motor vehicle and travel, but not insurances such as life or health insurance', explains Dr Tannous. 'The general insurance industry makes a significant contribution to the Australian economy, with assets of nearly \$116 billion. General insurance is very important in covering damage incurred by natural disasters, such as floods and fires and plays a big part in recovery from such disasters, as was seen after the 2010/11 Queensland floods and the 2009 Victorian bushfires. Most empirical studies on insurance, however, have focused on life and health insurance rather than general insurance. There has also been limited research on the impact on the wellbeing of disaster victims related to their insurance coverage and subsequent payouts. This study will model econometric variables related to the probability of being insured and the expected value of general insurance expenditure in Australian Households as well as look at the impact on disaster victims and their responses to such natural disasters.'

Data from a very large national data set - the Household, Income and Labour Dynamics of Australia -HILDA - survey - will be analysed and modelled to account for variables such as age, gender, marital status, household numbers and geographical location as well as education, income and private health insurance expenditure. This will build a profile of who has insurance and how much insurance. Behavioural, geographical and socioeconomic factors will also be examined.



This research seeks to understand the variables that govern who has general insurance, what it covers and what impact such insurance has on the recovery of people's lives after natural disasters. In a time where extreme weather events are predicted to increase, good insurance cover and socioeconomic support for affected Australian families has never been more important.

**Project Title:** Analysis of General Insurance Expenditure in Australia using Household Income and Labour Dynamics of Australia (HILDA) Panel Data

**Funding has been set at:** \$18,000

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