New ownership for TIO

The Territory Insurance Office (TIO) will have new ownership but will remain a stand-alone brand in a deal worth $424 million.

Chief Minister Adam Giles said under the new arrangements, Allianz will take ownership of TIO insurance, while the banking services will transition to People’s Choice Credit Union.

“The Government had the option of selling the insurance, banking and Motor Accidents Compensation arms of the business with an estimated total value of $609 million. However the Government has decided that selling the MAC scheme is not in the interests of Territorians and it will remain in Government ownership,” Mr Giles said.

The new arrangements for insurance will see the iconic TIO brand retained and flood, storm surge and cyclone cover continue to be offered.

“TIO will continue in its current form but now has the backing of the largest insurer in the world,” Mr Giles said.

“All along, the government has said that any new owner must look after the respected TIO brand, maintain the services Territorians rely on, and look after TIO’s staff,” Mr Giles said.

“Allianz have committed to all this, ensuring that TIO has a long future in the Territory and that Territorians continue to have access to the insurance cover they need.

“Under this new model nothing changes for customers. The TIO name remains, branches stay open, policies stay the same, flood and storm surge cover continues and staff keep their jobs.

“I want to assure Territorians that this is not a decision we have taken lightly but the Government believes it is the best outcome for taxpayers because it reduces their exposure to risk and frees up $424 million in funds for the development of Northern Australia.

“The funds raised through this change of ownership now enable us to invest in the infrastructure we need to unlock the full potential of the Northern Territory, creating jobs and opportunity for our children. They also allow us to do important community flood mitigation work.”

$215 million in proceeds will go into a long term Infrastructure Development Fund.

The remainder will be available for more immediate community infrastructure projects including $50 million for flood mitigation work in Rapid Creek, Katherine and Darwin’s Rural Area.

$25 million would be set aside for works in Rapid Creek and the Darwin Rural Area, while another $25 million would be allocated to Katherine.

The $25 million for Katherine includes $7.6 million to move Katherine’s Ambulance Centre out of the flood zone.
Allianz Australia Managing Director Niran Peiris said Allianz understood how important TIO was to Territorians.

“Allianz is honoured to be chosen to be entrusted with the future of such an icon of the Territory community,” said Mr Peiris.

“Allianz will maintain the brand and TIO will continue to offer products featuring flood, storm surge and cyclone cover.

“We want to preserve and promote TIO’s brand and maintain the coverage Territorians rely on. We are here to grow TIO, not change it.

“As an example of this desire TIO will maintain current community sponsorship initiatives and will contribute an additional $200,000p.a for the next two years to a TIO Territory Day Festival.”

Under the new arrangements Allianz will:

• Preserve and promote TIO’s brand throughout the Northern Territory in the long term;
• Continue offering products featuring flood, storm surge and cyclone cover;
• Maintain current TIO community sponsorship;
• Contribute an additional $200,000p.a for two years to the TIO Territory Day celebration;
• Support the NT government in its new $50 million flood mitigation activities;
• Maintain the existing branches and headquarters in order to ensure a seamless experience for TIO customers and staff;
• Enable bank customers to continue to access their services in TIO branches whilst they transition to their new bank arrangements; and
• Retain all TIO insurance staff, recognise their accrued benefits and continuity of service.

TIO Chairman Bruce Carter said the sale protected the important community values of TIO, while giving it access to the global capital markets it needed to compete in today’s insurance market.

“TIO has a uniquely concentrated book of risk, it is dominated by one single catastrophic risk; Darwin cyclone,” Mr Carter said.

“This sale means TIO can now spread that risk beyond a single state, territory or even country.

“It will make TIO stronger.”

Banking

Under the new ownership arrangements, TIO’s banking portfolio will transfer to People’s Choice Credit Union.

“People’s Choice Credit Union already has an existing banking relationship with 33,000 Territorians so the acquisition of TIO’s banking arrangements is a perfect fit as we continue to grow and invest in the Northern Territory,” said People’s Choice Managing Director Peter Evers.
"We have a deep understanding of the local economy and the specific challenges and opportunities facing Territorians, built over 40 years of doing business in the NT," he said.

"The vast majority of TIO customers will be better off as a result of this transaction."

**Under the new arrangements People's Choice will:**

- Acquire all TIO Bank home loan, personal loan, commercial loan, credit card and retail deposit accounts;
- Take on management of Home Build Access and HomeStart;
- Offer employment to all current TIO banking staff, recognise their benefits and continuity of service;
- Provide new banking services in Coolalinga within 2 years;
- Maintain banking services in Maningrida;
- Introduce a new rediATM at a suitable location in Katherine while establishing a deposit and withdrawal taking service;
- Increase its significant community support in the Northern Territory, which already exceeds $230,000 per year to more than 50 community groups each year;
- Sponsor three young Territorians in traineeships each year; and
- Hold a Board meeting in Darwin each year

“We are also very keen to work on affordable housing issues along with the Northern Territory Government,” said Mr Evers.

"We have a proud track record of helping Territorians into their first home, and that’s something we are absolutely committed to continuing and enhancing."

**Motor Accidents Compensation Scheme (MAC)**

The MAC Scheme will be retained by the Government, however Allianz will manage the fund on its behalf.

“Whilst other state governments have elected to sell their schemes, the Territory Government is not going down this path because it believes it is important to maintain direct authority over the motor accident compensation framework in a small jurisdiction with a population dispersed over a large geographical area and experiencing relatively high accident rates,” Mr Giles said.

“Under the new TIO arrangements, management of the Scheme will be undertaken by Allianz under a contract arrangement but ultimate ownership remains with the Territory Government.

“The MAC Scheme is financially one of the strongest schemes in Australia and this management arrangement will assist in keeping the scheme in this position.

**MEDIA ENQUIRES:**

Chief Minister – Danielle Parry 0413 081 801
TIO – Alex Twomey 0407 531 423
Allianz – Nicholas Scofield 0416 088 414
People's Choice Credit Union – Stuart Symons 0417 895 147

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ENDS..