



Virgin set to shake up car insurance industry

20 August 2009: Virgin Money is launching car insurance into the Australian market and, in true Virgin style, is challenging an industry which it claims is dominated by two major players who have taken Australian motorists for a ride.

With the \$5.5 billion car insurance market largely controlled by two major players, with a combined market share of around 75 per cent, Virgin's own research confirms Australians are demanding greater choice and a fairer go.

As an industry first, Virgin Car Insurance is offering all Australian motorists capped premiums for the first two years and challenging the notion that car insurance premiums usually rise each year while the value of cars fall.

According to Matt Baxby, MD of Virgin Money, "Most people just accept premium creep in that our car insurance goes up every year, even though we know our car is worth less. It just didn't make sense to us.

"So we decided to be radical in our offer to Australian motorists. With all things being equal, our customers will know they will not be paying any more for their comprehensive car insurance in their second year with us and, in these uncertain times, we think this initiative will be welcomed by the motoring public," he said.

"On average premiums across the industry are on the rise and by capping these premiums for two years it could save the 88 per cent of Australian motorists who have comprehensive cover more than \$200 million," Mr. Baxby said.

In another provocative move, Virgin Car Insurance is also giving one month free, offering 13 months for the price of 12 months when customers sign-up online.

According to Mr. Baxby, these offers represent great value in the current market.

"The Australian car insurance industry is stagnant and has been dominated by two major players. This is classic Virgin territory: challenge the competition and make the marketplace fairer for consumers.

"We know we will have success in the insurance market as we will deliver not just a 'me too' offer but an excellent product at a fantastic price supported by customer service that everyone has come to expect from Virgin," Mr. Baxby said.

Mr. Baxby believes that while there is considerable focus on the perceived lack of competition in the banking, petrol and supermarket industries, the car insurance sector has flown under the radar.

“Most Australians have no idea that 12 of the biggest brands in car insurance are owned by two giants who currently enjoy a combined market share of around 75 per cent.

“That’s not genuine competition and it’s not good in the long run for Australian motorists.

Car insurance represents 13.2 per cent of a \$42 billion insurance market and Virgin Car Insurance is focused on capturing a significant proportion of the 1.2 million Australian motorists who actively switch their car insurance provider each year*. Virgin is also reminding motorists that it may be time to review their existing car insurance policy to ensure it is still competitive.

Car insurance is the first in a range of new financial services products that Virgin Money will launch into the Australian market with others due for release in the first quarter of 2010.

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Notes to editors:

- Virgin Car Insurance is shaking up the Australian car insurance industry, currently dominated by only two major players, by delivering an excellent product at a great value price supported by customer service that everyone has come to expect from Virgin.
- Challenging the notion that car insurance must rise every year, Virgin Car Insurance will cap premiums for the first two years and offer 13 months for the price of 12 months when signing up online.
- For more information on Virgin Car Insurance www.virginmoney.com.au

* *Source: IBIS World*

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