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Insurer profits with fund switch

■ Ben Harvey

The Insurance Commission of WA has posted a bumper 10.4 per cent return on its investments — creating a \$117 million windfall for the McGowan Government — after replacing about half of the money managers who invest its billions of dollars.

Unaudited accounts for 2016-17 show the manager of WA's third-party motor vehicle insurance and the Government's self-insurance scheme, RiskCover, earned \$468.4 million from the portion of ICWA's \$5.2 billion in assets that are invested.

The 10.4 per cent yield comfortably cleared the target of CPI plus 3.5 percentage points.

The target-busting return came after the commission reviewed which investment houses managed the giant fund. The 22 per cent of the fund which was invested in global shares beat its target by 5.6 percentage points while the



ICWA chief Rod Whithear.

20 per cent in Australian shares beat the benchmark by three percentage points.

ICWA chief executive Rod Whithear said the commission had a good year in fixed interest (6.3 percentage points above target) and its alternative assets returned a stellar 7.5 percentage points more than aimed for.

Mr Whithear said the strong investment returns meant the commission could keep insurance premiums low. He said income from the commission's \$4.9 billion nest egg cushioned the blow when insurance premiums collected did not cover the cost of claims, as has hap-

pened in 15 of the past 20 years.

ICWA received 30,554 new insurance claims last financial year and managed claims worth \$2.8 billion.

Mr Whithear defended the bumper \$116.9 million dividend to the State Government, which came on top of insurance duty worth \$79.8 million and various taxes of \$119.9 million, saying the dividend was paid from strong investment returns, not from revenue collected from motorists.

"I pay the dividend to government after I have seen the money come into the bank but I can't set third-party insurance premiums after I know what claims are going to be made," he said.

The newly created Catastrophic Injuries Fund, which invests the \$99 million to insure themselves against injuries not covered by compulsory third-party insurance, earned 2.2 per cent because the fund was invested in cash.