

Car Insurance in Australia Industry Market Research Report Now Available from IBISWorld

Over the past few years, car insurers have been affected by poor investment performance and a high number of natural disasters, which has caused the value and volume of claims to increase. For these reasons, industry research firm IBISWorld has added a report on the Car Insurance industry in Australia to its growing industry report collection.

Melbourne, Australia ([PRWEB](#)) January 14, 2013 -- The past five years have been characterised by a run of poor investment performance and consecutive seasons of destruction. As the frequency of natural disasters has risen, so has the frequency of claims for the [Car Insurance industry](#). As mother nature has caused damage across Australia, the value of payouts has risen quickly, putting pressure on insurers' profit margins. According to IBISWorld industry analyst Ee Jen Lee, "although insurers have been able to pass on the rising costs to policy holders, the time lag between the new premium prices and payouts has caused profit margins to decline substantially". The rise in claimants has been compounded by poor investment income because of the low yield environment. Weak economic conditions have driven up demand for bonds and other high-quality fixed income assets that insurers are heavily invested in. Together, these circumstances have resulted in weak revenue growth. Over the five years through 2012-13, industry revenue is projected to grow at a compound annual rate of 2.8%. Another weak year for investments is anticipated to lead to subdued growth in 2012-13.

Although mother nature has not been welcoming, the weather conditions have failed to discourage new entrants. Over the past five years, a number of online only car insurance providers have flourished, growing at an astonishing rate much to the chagrin of industry incumbents. "Their online only model has forced industry incumbents to innovate faster, though this has been a costly marketing exercise as some online ventures have been more successful than others", says Lee. Market share concentration in the [Car Insurance industry](#) is high and has been increasing due to consolidation activity. The four largest players in the industry are Insurance Australia Group Limited, Suncorp Group Limited, Allianz Australia Limited and QBE Insurance Group Limited. Industry players have historically displayed a strong appetite for growth through mergers and acquisitions.

Over the next five years, competition is expected to stiffen as non-insurance companies enter the market to secure growth for the parent company. Although retailers have entered the market quietly, they are expected to leverage on their large networks to raise brand awareness. The number of cars on the road is forecast to increase by 2017-18, which paints a picture of a promising market. However, the greater competition will place downward pressure on profit margins. As demand and investment income are expected to grow, industry revenue is projected to increase.

For more information, visit IBISWorld's [Car Insurance](#) report in Australia industry page.

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IBISWorld industry Report Key Topics

This industry underwrites (i.e. assuming the risk and assigning premiums) car insurance policies. Car insurance provides financial protection against physical damage to automobiles and bodily injuries resulting from traffic collisions. Car insurance can also protect against resulting liability.

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