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## **TOWER MOVING TO MORE EQUITABLE PRICING APPROACH**

Tower Insurance today announced that it is challenging the traditional approach to insurance by moving to a fairer, more equitable way of pricing risk.

Tower will now use some of the most sophisticated and up-to-date data available to enable it to understand the specific risks facing a customer's property.

Previously, while regions at greater risk did pay more for house insurance, insurance premiums still did not reflect the full cost of providing cover for these properties and this meant other customers were paying too much. Tower's new approach to pricing will see locations facing higher risk from natural disasters meeting the actual cost and paying more than locations where the risk is lower.

Tower CEO, Richard Harding, said that moving to risk based pricing was the right thing to do for the long-term benefit of New Zealand and fronting up publicly was the right thing to do for customers.

"The New Zealand economy faces a range of climatic and geological risks, which in the long-term could see reinsurers charging more, or restricting cover in certain areas.

"One of our roles as an insurer is to put risk signals in the market to help change and influence community and government behaviour, the pricing of insurance for risk is one of these signals.

"We believe risk based pricing is the fairest way to distribute the costs we face as an insurer and is an important step in better educating the community on the risks facing New Zealand.

"More needs to be done to understand and mitigate risk at all levels, from where and what type of houses to build, to whether land should be reclaimed and built on in high earthquake risk areas.

"For Tower customers, the vast majority will not see any significant change in their insurance premiums, with less than 2.5% receiving an increase of over \$250. Customers receiving these increases will usually have high-spec homes in high risk locations like Wellington, Napier and Gisborne," he said.

"Our new approach to pricing also marks another important step forward in the transformation of our business.

Tower customers can visit [www.tower.co.nz/understanding-premium](http://www.tower.co.nz/understanding-premium) for more information on address based pricing and the factors that contribute to their insurance premiums.

**ENDS**

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