

# ACT Risk Insurance Policy

## Goal

All New Zealanders are in a position to take out risk insurance for accident, sickness and healthcare, not just the wealthy, and to receive better service as a result.

## Principles

- **The social welfare system should be removed (as far as possible) from day-to-day political decision making.**  
This is vital. Until this happens, the well-organised special interest groups will continue to do great harm to the rest of us.
- **Transfer power from large institutions (Accident Compensation Corporation) and impersonal bureaucracies (Health, Education and Social Welfare Departments) to individuals.**  
Such institutions will never care about us or know as much about us as we do – we need to remove their decision-making power from them as it affects individuals.
- **Restore the buyer/seller relationship to consumers and providers.**  
So that each of us as consumers becomes the principal buyer of welfare services, rather than third parties, be they welfare, superannuation, health or education, as we do with other goods and services
- **Subject social welfare to the benefits of competition.**  
Create market-based organisations where each of us benefits from good decisions or bears the cost of bad ones (note: none could be as bad as that which government inflicts on us all at the moment).
- **Create a marketplace where individuals (as much as possible) spend their own money, rather than someone else's.**  
Major tax reductions and, for some, tax credits will enable all New Zealanders to buy what they need in the market. When people spend their own money rather than someone else's, they demand better service and higher standards.

### Ideal risk insurance system:

- Consumers, rather than third parties, would be the principal buyers of welfare type products with opportunities to compare options, compare prices and make decisions.
- Insurance companies specialise in the business of insurance.
- Fund managers specialise in the business of providing for each individual's requirements.
- Employers help individual employees make informed decisions.
- Doctors, and welfare workers help consumers make informed decisions rather than act as agents for the third party buyers i.e. the government.
- Hospitals, and welfare institutions would be competitors in the business of providing welfare services rather than acting as agents for third parties (government).
- Government, in its role as insurer of last resort, would help pay the costs of low-income people but would no longer buy welfare, healthcare or education products on behalf of individuals.
- Government, in its role of policy-maker, would facilitate long-term savings and adequate cover for catastrophic welfare events and competition between suppliers.

## ***Policy Detail***

- All New Zealanders will have the choice of buying the welfare products they need in a competitive open marketplace (health cover, sickness, accident and health insurance) as a result of:
  - higher personal income via Tax reductions (flowing from the ability to earn a tax free income and/or tax credits) plus
  - an employer contribution
- Insurance companies will be obliged to provide information relating to prices and costs, people can elect to rely on self-insurance for small items of expenditure.

A large number of benefits will flow from the policy changes including;

- **Consumers spending their own money** will lead to lower levels of demand than under the current welfare system with self-insurance evident for non-catastrophic events.
- **Pressure to reduce costs will be evident throughout the system** so higher incomes for suppliers will depend on them being more efficient than other providers. Under the current system, providers often increase their own incomes only when costs go up.
- **Choice for the vast majority of the population will be readily available**, unlike the current welfare system, when most people, having paid 40% or more of their income in taxes can't afford alternative private options for healthcare or sickness or to save for their retirement. This is now possible for all New Zealanders.
- **Innovation will be seen everywhere** and is one of the only ways a company can stay ahead.
- Currently, the government welfare, education and healthcare industry are often hostile to change and discourage development and innovation.
- **Prices will be readily available** and producers will advertise price discounts and quality differences. This is not so with the current government welfare system.
- **Quality of service comparisons will be readily available** for everyone with regard to the various companies offering products in the marketplace.

If you believe that every New Zealander should be getting a much better standard of treatment and service when they have an accident or get sick, that currently only the wealthy achieve through private insurance, then **give ACT your Party vote, for a more fair and equitable society.**