

May 14, 2014

Budget comments: Insurance Council welcomes mitigation and resilience initiatives

The Insurance Council of Australia (ICA) has welcomed Federal Budget provisions that recognise the importance of investing in disaster mitigation infrastructure and improving the information available to property owners in communities exposed to extreme weather.

- *The Budget provides \$12.5 million over three years in grants to body corporates to undertake engineering assessments for strata-title properties in North Queensland.*

ICA CEO Rob Whelan said: “This funding demonstrates the Federal Government recognises the importance of providing practical assistance to help address insurance affordability in this cyclone-prone region.

“It supports ICA-commissioned work already underway by James Cook University to design a strata inspection scheme.

“This scheme will assess how resilient strata-title buildings are to extreme weather, and identify remediation options to address vulnerabilities. This enables insurers to adjust premiums on a case-by-case basis where risks are mitigated, or the report assesses lower risk.”

- *Over three years from 2014-15, the Budget provides bushfire mitigation funding of \$15 million, and \$10 million for flood mitigation works for Roma and Ipswich in Queensland. The Budget also includes funding for natural disaster resilience of \$91 million over three years.*

Mr Whelan said: “Providing funds for bushfire and flood mitigation is a step in the right direction in tight fiscal circumstances.

“Mitigation is a long-term investment in protecting communities, and in many cases this protection lasts for generations and pays back its original funding tenfold or more. Mitigation may also be reflected in lower insurance premiums.

“The Insurance Council of Australia and its members have long advocated for more government funding for mitigation to protect communities where it is feasible to do so.”

- *The ICA notes a Budget commitment to develop a comparison website for strata-title and home and contents insurance in North Queensland.*

Mr Whelan said: “The concept of an insurance comparison website specifically for North Queensland is being examined as part of a Federal Government discussion paper announced this month.

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"The ICA will be providing a submission on behalf of the general insurance industry while noting the development of such a site will need to be consistent with policy frameworks developed for insurance and disclosure that may develop from the Murray review into the financial system."

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