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Insurers float five-point plan to help drought-affected farmers

The Insurance Council of Australia (ICA) today said it supports the removal of stamp duties on agricultural insurance products nation-wide as a key measure to improve the uptake of farm income and crop insurance for primary producers.

ICA CEO Rob Whelan said the insurance industry was examining ways to expand insurance coverage for primary producers.

He said access to better data, removing unfair taxes and introducing incentives would play a significant role in improving outcomes during droughts or following extreme weather such as floods or cyclones.

“Government support should be directed at encouraging the take-up of crop and farm income insurance,” he said. “The abolition of stamp duties for agricultural insurance products is one of five measures that insurers believe would help primary producers in times of drought and protect an important sector of the economy.” Several states have already implemented stamp duty concessions for primary producers.

The other proposals, which will be raised by the ICA tomorrow at the Prime Minister’s Drought Summit, are:

- Running a census on every primary producer to collect and publish critical data. More information is required on the agricultural sector to support underwriting of existing covered crops and expansion into livestock and non-cereal crops
- Introducing tax reductions or offsets for farm income and crop insurance products. This incentive would help encourage greater take-up of these products and ultimately reduce dependence on government support
- Starting a government-guarantee facility for insurers offering farm income and crop insurance for 25 per cent of losses at the declared 1:60 to 1:100 year drought. This would assist insurers to maintain reinsurance cover in the global market
- Changing government lending criteria through the Regional Investment Corp (RIC). It should be dependent on the primary producer holding adequate farm income or crop cover, in the same way that a private market lender will not lend unless the asset is protected by insurance

Mr Whelan said state taxes and levies on insurance were unfair and highly inequitable, and contributed to the low uptake of farm income and crop insurance products. He said any stamp duty concessions on insurance introduced for the agricultural sector should quickly be applied to the whole community.

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