



26 September 2019

Senate Select Committee on the effectiveness of the Australian Government's Northern Australia Agenda  
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Canberra ACT 2600

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## **EFFECTIVENESS OF THE AUSTRALIAN GOVERNMENTS NORTHERN AUSTRALIA AGENDA**

The Insurance Council of Australia (Insurance Council) welcomes this opportunity to make a submission regarding the northern Australia agenda.

The Insurance Council's view of northern Australia is necessarily viewed through a customer risk and therefore insurance premiums lens. The exposure to extreme weather events for the 5% of the Australian population who reside in the north, is measurably higher than for the 95% of the population living in the south, or non-tropical regions.

Insurance premiums for policies written in these highly exposed northern regions are on average twice as high as those in the south, an undisputed fact explored by a number government initiated inquiries since 2011. The Insurance Council contends that higher insurance premiums for those living and operating businesses in the north, are a largely preventable drag on stimulus and growth in the region.

Whilst a range of options to reduce insurance premiums have been canvassed, the only sustainable approach endorsed by key stakeholders is to reduce the risk through comprehensive mitigation. [The latest Insurance Council response on insurance premiums provides more detail on the benefits of mitigation.](#)

We urge consideration of how the Northern Australia Infrastructure Fund could be employed more effectively to fund mitigation needs, reducing risks to highly exposed communities and as a consequence reducing insurance premiums currently impacting residents and businesses.

Yours sincerely

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