

19<sup>th</sup> July 2024

Joint Select Committee on Northern Australia  
By email: [northernaustralia.joint@aph.gov.au](mailto:northernaustralia.joint@aph.gov.au)

**Re: Urgent Action Needed to Ensure Northern Residents' Interests Are Considered in the ARPC Review**

Dear Members of the Joint Select Committee for Northern Australia,

I am writing on behalf of the Australian Consumers Insurance Lobby Inc. (ACIL) to urge the Joint Select Committee for Northern Australia to take immediate action to ensure that the interests of Northern Australia residents are properly considered in the Australian Reinsurance Pool Corporation (ARPC) review of the Cyclone and Cyclone-Related Flood Reinsurance Pool premium rates for 2024.

As you are aware, Northern Australia is disproportionately affected by severe cyclonic events, leading to higher insurance premiums and financial burdens for residents in these regions. The establishment of the Cyclone Reinsurance Pool was a positive step towards addressing these challenges. However, ACIL has significant concerns regarding the current modelling and premium rate structure of the Pool.

**Key Concerns:**

1. **Equitable Contributions:** The current modelling effectively provides properties south of Port Macquarie with free cover, despite a history of cyclones in these areas. This places an undue financial burden on Northern residents, who are left to subsidise coverage for the south. It is imperative that all regions, including those in the south, contribute their fair share to the Pool.
2. **Fair Modelling:** The modelling should accurately reflect historical and potential future cyclone events across all regions of Australia. This will ensure that premiums are fair and proportionate to the actual risk, preventing Northern residents from bearing a disproportionate share of the costs.
3. **Transparency:** There must be greater transparency in the rate-setting process. Consumers need to understand how their premiums are calculated and how the Pool impacts their insurance costs. This will promote accountability and ensure that savings are passed on to policyholders.
4. **Proactive Mitigation Measures:** Implementing proactive measures, such as pre-cyclone season roof inspections for strata buildings, can significantly reduce claims and improve the Pool's effectiveness. We recommend that ARPC introduce discounts for buildings that comply with established inspection criteria.

ACIL has submitted detailed feedback to the ARPC, advocating for these necessary changes. However, we believe that the Joint Select Committee for Northern Australia has a crucial role to play in ensuring that the voices of Northern residents are heard and their interests protected in this review process.



**We respectfully request that the Committee:**

1. Advocate for Equitable Modelling: Urge ARPC to revise its modelling to ensure fair and equitable contributions from all regions, including the south.
2. Promote Transparency: Call for increased transparency in the rate-setting process to empower consumers with the knowledge to understand and challenge their premiums.
3. Support Proactive Measures: Endorse the implementation of proactive mitigation measures to reduce claims and improve the effectiveness of the Pool.

Thank you for your attention to this critical issue. Ensuring fairness and equity in the Cyclone Reinsurance Pool is vital for the financial wellbeing of Northern Australia residents. We look forward to your support and advocacy on this matter.

Kind Regards.

**Tyrone Shandiman**  
**Chairperson**  
[info@acilobby.org.au](mailto:info@acilobby.org.au)  
07 3185 5256