

Australian Government

Att: The Treasury
Langton Cres
Parkes ACT 2600



16 December 2020

Dear Treasury,

The Exmouth Chamber of Commerce and Industry (ECCI) is writing in support of the draft legislation document to establish a reinsurance pool for cyclones and related flood damage, to commence from 1 July 2022.

The Exmouth Chamber of Commerce is a not for profit organisation that represents our members consisting of local business owners. The purpose of the chamber is to support the local community through advocacy, support through capacity-building activities and lobbying on their behalf to local, state and federal government.

The ECCI have engaged with our local community to understand the level of support and impact of the current insurance premiums and what the potential flow-on effect would be if such legislation was passed.

In total we had 224 participants complete our survey (attached), 205 of these were property owners that have active insurance policies. Most respondents currently had an active residential home (93.46%) and contents insurance policies (53.27%) followed by 18.69% holding business building insurance and 18.22% business contents insurance.

With most survey respondents holding residential policies, a majority of these are currently paying between \$5,000 and \$10,000 per year on insurance. When asked what would be a reasonable rate of insurance a majority of respondents indicated a 50 to 75% reduction in cost would be required and believe our premiums should align to other areas in the state.

When asked what the benefits would be if they were to receive a reduction in the cost of insurance, 78.83% said it would add additional money to their household budget, reduce stress and improve their mental health (75.23%). Other responses that indicated those who didn't currently have an active insurance policy (8.07% was due to the unforgeability. It was also indicated that if insurance was to become more affordable it would encourage residents to stay in town and continue to invest locally.

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In conclusion, 98.84% of our survey respondents (208) support the draft legislation. The Exmouth Chamber of Commerce is a strong advocate for creating an insurance pool for our region.

Insurance policies are becoming increasingly unaffordable for many and have been identified as a significant barrier for not only future investment, allowing our local economy to grow but also a barrier for our local families. Exmouth is home to many young families that are wanting to invest and stay in Exmouth long term, however, when looking to buy or build their own homes it becomes unreachable to them when they are faced with trying to budget for a potential insurance premium of \$10,000 per year.

We hope that the number of survey responses helps demonstrate the community support for this draft legislation. The ECCI requests that the Treasury takes into consideration the expected savings % insurance companies will be required to pass onto the consumer. Insurance companies are already making enough money out of our local community, we would hate to see the benefit not pass onto the end consumer. Therefore the Exmouth Chamber would like to ensure the legislation includes a commitment of a 50 to 75% premium reduction commitment by insurance policy providers, should this legislation come into effect as of 1 July 2022.

Thank you for taking the time to read our submission.

Att.

Respectfully

David Gillespie
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PO Box 907, Exmouth WA 6707

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