



News release

Insurance Council
of Australia

Wednesday, 30 March 2022

Reinsurance Pool legislation passes

The Insurance Council of Australia (ICA) today welcomed the passage of legislation to enable the establishment a Reinsurance Pool for cyclone and cyclone-related flood for homes, strata corporations and small businesses.

It is now incumbent upon the Australian Reinsurance Pool Corporation (ARPC) to release its pricing schedule to give the sector time to price in reinsurance costs and provide visibility to policyholders on expected premium reductions.

The insurance sector has worked constructively with the Federal Government since the Pool was announced in the lead up to last year's Budget and will continue to engage with the ARPC, Treasury and the ACCC in the lead-up to implementation, planned from 1 July this year.

A Reinsurance Pool is just one lever available to influence premium prices in cyclone-impacted regions of Australia.

To achieve sustainable premium reductions for those exposed to the risk of extreme weather, including cyclones, governments must increase investment in local infrastructure and household-level programs.

That's why last month the ICA released *Building a More Resilient Australia*, which set out an investment pipeline of \$2 billion over five years jointly funded by the Federal and state governments to better protect communities and households from cyclone, flood, and bushfire risk.

Quote attributable to ICA CEO Andrew Hall:

Insurers welcome the passage of the reinsurance pool legislation, which is an important next step on a very complex issue.

The Pool is scheduled to commence in just three months, so it's vitally important that insurers and their customers are able to understand how and to what extent this will impact on premiums.

We look forward to the ARPC releasing that information as soon as possible.

However, a Reinsurance Pool is just one piece of the puzzle.

The recent and ongoing floods have shown the urgent need for investment in measures to better protect homes and communities.

While we welcomed the increased funding in last night's Budget for those communities impacted by this year's floods, there are dozens of other communities in Australia that remain exposed to perils like cyclones and require similar assistance to uplift their mitigation.

In the lead up the election in coming weeks it is incumbent upon the Government to not only assist with recovery, but announce further investments to better protect communities from the impacts of extreme weather.