



Floodplain Management Australia

Supporting Wise Planning and Development

www.floods.org.au ABN 67 007 279 179

President: Ian Dinham 0435 946 525

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The Northern Australia Insurance Inquiry Team
 Australian Competition and Consumer Commission
 GPO Box 520
 MELBOURNE VIC 3001

(Submitted on line: insurance@accg.gov.au)

Dear Sir/Madam

Submission – Northern Australia Insurance Inquiry First Interim Report

Thank you for the opportunity to provide input to the Inquiry.

About Floodplain Management Australia

Floodplain Management Australia (**FMA**) was established to promote sound and responsible floodplain management, and help reduce the risks of flooding to life and property.

FMA has continued to carry out these important roles for more than 50 years and is now the national voice for floodplain risk management, with a membership of around 150 local government councils, catchment authorities, government agencies, insurers, businesses, and professionals involved in all aspects of urban and rural flood risk management. Our members are at the front-line of flood risk assessment, flood management planning, decision making and community engagement - see www.floods.org.au

FMA recognises that flood insurance is an essential element of building community resilience and we have been at the forefront of bringing together insurers, local governments and other flood risk management stakeholders via the FMA network.

FMA wishes to offer the following comments in regard to flood related aspects of Recommendations of the First Interim Report:

Recommendation 14: Public mitigation works and expected premium reductions

FMA supports the recommendation that the insurance industry should work with governments to identify specific public mitigation works that could be undertaken, and insurers should provide estimates of the premium reductions they anticipate should the works proceed.

FMA presently encourages councils to discuss flood mitigation proposals with the Insurance Council of Australia so that potential cost reductions in insurance premiums for their communities can be included in project cost-benefit analyses.

Data made available by the publication of actual premium reductions such as at Roma, St George and Charleville where levees were constructed to provide protection from frequent flood events, would assist authorities undertaking financial evaluations for, and seeking funding for, new flood mitigation proposals.

Recommendation 15: Building code changes to better protect interiors and contents

FMA holds the view that more could be done to identify and promote the use of building materials and practices which could reduce the vulnerability of buildings and improve building resilience at

costs which are not excessive. It should be noted that at times it may be more economical to use cheap non-flood compatible materials which are quickly obtainable and easily replaceable, than to use costly flood compatible materials.

The recently released *Flood Resilient Building Guidance for Queensland Homes* prepared by the Queensland Reconstruction Authority provides excellent information on improving the flood resilience of new and existing Queensland homes, and includes discussion on the impacts on insurance premiums.

Draft recommendation 13: Information on mitigation works that could reduce premiums

FMA supports the recommendation that customers should be provided with a schedule of measures which could be undertaken to reduce their vulnerability to flooding, and the premium benefits which could result.

Despite significant investment by local councils and government agencies in flood education programs many people remain apathetic to the risks that flooding poses to life and property. The prospect of household insurance premium reductions could provide a real incentive for actions to be taken to reduce the flood vulnerability of new and existing buildings, and encourage people to better prepare their buildings and contents to minimize future flood losses.

A further benefit of more flood resilient building stock is the potential reduction in the very significant disaster recovery costs presently incurred by local, state, territory and commonwealth governments.

Conclusion

FMA brings together expertise and experience from all aspects of flood protection, preparedness, response and recovery, which we would be pleased to contribute further stages of the Inquiry.

Yours faithfully



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Executive Officer

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