

Tuesday, 28 April 2015

Initiatives to better protect North Queensland from cyclone

Leading insurer Suncorp today announced a package of initiatives that would tackle north Queensland's high cyclone risk to deliver significant insurance affordability relief.

Suncorp is taking the *Protecting the North* package to the Federal Government as the most effective way to act on the constant threat of damaging cyclone impacts and the smartest investment of taxpayers' money in the region.

Suncorp Personal Insurance Executive General Manager Lisa Harrison said initiatives in *Protecting the North* included:

- A process to comprehensively capture and report self-mitigation work already undertaken on older homes and review those premiums which could deliver savings of up to **20 per cent**;
- Working with experts to design a possible retrofit program to strengthen older North Queensland homes against cyclone impacts which could also deliver significant insurance savings, subject to further analysis;
- A new direct strata insurance product delivering savings of around **20 per cent**; and
- A new insurance product tailored to low income earners – contents cover from **\$4 a week**.

"This package, *Protecting the North*, has a good mix of mitigation and competition – two factors that are proven to drive down premiums – that will provide short, medium and long term relief," Ms Harrison said.

"Suncorp has a strong track record of significantly reducing the cost of insurance in other vulnerable places where mitigation has reduced the high natural hazard risks, such as Roma and St George.

"It's time north Queenslanders benefit from that kind of forward thinking investment, with Federal Government support.

"We know it's needed – we estimate there's up to 100,000 older homes in the north that are not up to standard and would suffer significant damage in a major cyclone."

Ms Harrison said as the Government considered a growing chorus of inquiries and investigations calling for mitigation as the best way to improve insurance affordability in disaster-prone areas, Suncorp had been working with a number of partners to form a package that put these principles into practice.

"The package will also better protect communities, life and property and ultimately save taxpayers' money," she said.

"It tackles the problem of cyclone risk head on, not just the symptom of insurance premiums."

Suncorp's *Protecting the North* package includes:

- Through a landmark study with leading cyclone specialist James Cook University (Townsville) to better understand home resilience, set a swift path for **home owners to lower premiums through upgrades and retrofits to make houses safer**. Conditional on Government support, it will feature:
 - The development of a process that logs and records work north Queenslanders have undertaken to make their older homes stronger. As part of the process, a premium reduction of up to 20 per cent would be applied to recognise the level of resilience achieved and the risk that has been reduced through retrofit actions. Government support for such a process could lead to repricing occurring as early as this year.
 - The development of a Government-funded retrofit program that would assist homeowners in carrying out improvements to increase their home's cyclone resilience. Where material risk reductions can be demonstrated through self mitigation, premiums could also significantly reduce, subject to further analysis. To complement any Government involvement, Suncorp Bank is exploring financing options to help these customers.
- Introducing a **new direct strata product** sparking more competition in that market but targeting smaller strata developments, like duplexes, townhouses and complexes of up to 10 units. Available from this week, the new direct strata product has two distinct benefits:
 - As it will only be available to smaller, simpler complexes, it will be sold directly from call centres making it more affordable. Preliminary estimates indicate the product could represent savings of around 20 per cent compared to competitors depending on the building complex.
 - In large claims after a damaging storm or other weather event, the policyholder will have an entitlement which allows them to install building enhancements that increase their dwelling's resilience. Suncorp will help pay for these enhancements greatly incentivising self-mitigation actions that lower the likelihood of future claims and damages to the policyholder's dwelling.
- Introducing **new products specifically tailored to low income earners** who are typically excluded from the insurance market. Essentials Insurance, in partnership with not-for-profit organisation Good Shepherd Microfinance, will be launched later in 2015 nationwide and start at under \$4 a week depending on products selected and individual circumstances.

"Our experience in disaster-prone communities tells us that it's much better to invest once rather than pay many times over," Ms Harrison said.

"Over time, mitigation pays for itself and delivers enormous personal and economic benefits. Many communities in Queensland and Australia-wide could be better protected - and pay lower premiums – with the right funding and government policies."

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