



The Hon. Scott Morrison MP
Prime Minister

The Hon. Josh Frydenberg MP
Treasurer

The Hon. David Littleproud MP
Minister for Agriculture, Drought and Emergency Management

The Hon. Keith Pitt MP
Minister for Resources, Water and Northern Australia

The Hon. Michael Sukkar MP
Assistant Treasurer, Minister for Housing and Minister for Homelessness, Social and
Community Housing

JOINT MEDIA RELEASE

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MORE AFFORDABLE ACCESS TO INSURANCE FOR NORTHERN AUSTRALIANS

Northern Australian residents would be offered more affordable and accessible home and business insurance, thanks to the establishment of a reinsurance pool by the Morrison Government.

The reinsurance pool would cover cyclone and related flood damage in northern Australia from 1 July 2022, and would be backed by a \$10 billion government guarantee.

This would reduce insurance premiums across Northern Australia by over \$1.5 billion for households, strata and small businesses over 10 years.

More than 500,000 residential, strata and small business property insurance policies in Northern Australia are expected to be eligible to be covered by the reinsurance pool.

The Prime Minister Scott Morrison said the plan shows the Government is listening to Australians who live in the North of the country.

“We believe in the future of Northern Australia. This means we need to take further action to boost the resilience for Australians to live and work in northern Australia,” the Prime Minister said.

“I’ve listened to our local MPs and senators, I’ve sat down with residents and discussed the issue. Homeowners and businesses have been faced with crippling insurance costs, and in some cases, can’t get insurance at all. It’s not ok, and we’re going to change that.

“Our plan will give more Australians in cyclone-prone areas access to affordable insurance.”

Treasurer Josh Frydenberg said a Treasury-led Taskforce will continue work on this to develop the final design of the reinsurance pool in close consultation with industry, with details to be finalised following that consultation process.

“More affordable insurance means peace-of-mind for hundreds of thousands of Australians across Northern Australia, knowing that their economic livelihoods are protected,” the Treasurer said.

Minister for Agriculture, Drought and Emergency Management David Littleproud said that while the Federal Government is not the insurer of last resort, a reinsurance pool would make insurance easier and cheaper for those in the tropical north.

“It will put more money back into the pockets of those in the cyclone and flood prone areas of far north Queensland and the savings will build in their bank accounts for years to come,” Minister Littleproud said.

Minister for Resources, Water and Northern Australia Keith Pitt said high insurance costs in northern Australia have long been a problem.

“It’s been a problem for business, a problem for local economies and a problem for every person who lives in the North. The passionate advocacy that occurred by George Christensen, Warren Entsch, Phil Thompson, Michelle Landry, Susan McDonald and Sam McMahon in fighting for north Australians to address this issue has delivered for the region today. I want to thank them for their hard work,” Minister Pitt said.

The Government is also announcing a plan to specifically reduce insurance costs for strata properties, by committing \$40 million for the North Queensland Strata Title Resilience Pilot Program, to start in 2022.

Strata properties face some of the worst insurance affordability pressures in Northern Australia. The ACCC noted that, in 2018-19, the average strata premium was \$6,800 in North Queensland, compared with the Australian average of only \$3,300. Strata residents have few options other than to pay this because strata properties are required to hold insurance under Queensland legislation.

Assistant Treasurer Michael Sukkar said this three-year pilot program will subsidise the cost of cyclone risk mitigation works to improve insurance affordability and access for strata title properties in North Queensland.

“Today’s announcement represents the most significant action taken by the Commonwealth to improve insurance affordability and accessibility in Northern Australia,” Minister Sukkar said.

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