



SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY - NATURAL DISASTER FUNDING ARRANGEMENTS



October 2014

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INTRODUCTION

Insurance Australia Group (IAG) welcomes the opportunity to make a submission to the Productivity Commission's Inquiry *Draft Report* – National Disaster Funding Arrangements.

IAG commends and supports the majority of the draft recommendations made by the Productivity Commission in the *Draft Report*. Consistent with the National Strategy for Disaster Resilience IAG believes the final recommendations should place greater emphasis on the principles of 'shared responsibility' and the need to use a multi-tired approach to mitigation and resilience building. IAG has focused its comments on the draft recommendations that are specifically relevant to the insurance industry.

IAG particularly welcomes the following *Draft Report* observations and recommendations:

- If the Australian Government reduces the relief and recovery funding it provides to state and territory governments, it should increase annual mitigation expenditure gradually to \$200 million;
- State and territory governments, local governments and insurers should explore opportunities for collaboration and partnerships;
- State and territory governments should hasten implementation of the *Enhancing Disaster Resilience in the Built Environment Roadmap*, including reviewing the regulatory components of vendor disclosure statements;
- State and territory taxes and levies on general insurance should be phased out and replaced with less distortionary taxes;
- Insurance is an important risk management option, especially for private assets. Households and businesses should be relied upon to manage natural disaster risks to their assets;
- Insurance markets in Australia for natural disaster risk are generally working well. Pricing is increasingly risk reflective, even to the individual property level; and
- Governments at all levels should make their natural hazard related data publicly available where they have not already done so and where the information is reasonably reliable.

IAG endorses the content and sentiment of the submissions made by the Insurance Council of Australia and *the Australian Business Roundtable for Disaster Resilience and Safer Communities*.

MULTI-TIERED APPROACH TO RESILIENCE BUILDING

IAG believes that a multi-faceted, integrated approach is necessary for building long-term resilience to natural hazards and weather risk. Separate strands of policy need to be drawn together with a comprehensive set of measures that aim to reduce residual risk to a manageable level. This set of measures generally involves a combination of effective land use planning, mitigation infrastructure measures, emergency response strategies and building standards or codes. Each tier of an effective resilience building strategy – mapping, land-use planning, building codes and mitigation infrastructure - builds upon the other and must be overlaid by greater transparency and community education to underpin effective and enduring disaster resilience.

IAG's post-event analysis of building damage after a number of major natural disasters indicates there is a crucial role for government to support community resilience by ensuring that new buildings in "at-risk" areas are constructed to withstand hazards such as tropical cyclones, storm surge, severe storms, hailstorms, bushfires, earthquake and flood. While land use planning is critical to managing natural disaster risk, building codes are an essential component of an effective multi faceted, integrated approach to reducing the risk of natural hazards in the Australian community.

For example, in lower-risk flood prone areas - or where development in higher risk areas cannot be avoided - building codes and controls that minimise the impact of flood on homes and other buildings should be implemented and enforced. In addition, steps should be taken to encourage individuals, builders and developers to incorporate flood resilience and resistance into building design, construction and materials in flood prone areas above and beyond what is required by building codes. This should extend to retro-fitting existing buildings on a cost effective basis.

We acknowledge the positive impact of existing building codes for cyclone, bushfire and flood. However, given changing weather conditions and exposure as well as technological developments in construction, design and materials it is important to keep these codes under regular review to ensure they remain effective.

SHARED RESPONSIBILITY

IAG considers that the draft recommendations by the Productivity Commission could give more emphasis to the core element of community 'shared responsibility' in disaster risk management. The Council of Australian Governments endorsed the National Strategy for Disaster Resilience in February 2011 recognising that:

"There is a need for a new focus on shared responsibility; one where political leaders, governments, business and community leaders, and the not-for-profit sector all adopt increased or improved emergency management and advisory roles, and contribute to achieving integrated and coordinated disaster resilience. In turn, communities, individuals and households need to take greater responsibility for their own safety and act on information, advice and other cues provided before, during and after a disaster.

This new focus on resilience calls for an integrated, whole-of-nation effort encompassing enhanced partnerships, shared responsibility, a better understanding of the risk environment and disaster impacts, and an adaptive and empowered community that acts on this understanding."

While the *Draft Report* acknowledges existing partnerships between insurance companies and government, we believe the shared responsibilities extend beyond these two sectors. There are a range of businesses, industries and sectors that benefit from investment in resilience and disaster mitigation, consume hazard and risk information for commercial purposes and would be able to inform decision making. Further, governments, planners, developers, architects and home purchasers all make decisions that contribute to the cost of insurance (and disaster recovery), that is ultimately passed on to the consumer.

IAG's collaboration with Investa Property Group, Munich Re, Optus, Australian Red Cross, and Westpac Group, to form *the Australian Business Roundtable for Disaster Resilience and Safer Communities* is a reflection of the need for cross-sectoral platforms to develop strategies to manage the threat of natural disasters.

The banking industry has demonstrated their commitment to sharing responsibility with the Revised Code of Banking Practice 2013, the banking industry's customer charter on best banking practice standards, which recognises the need for adequate home insurance to maintain financial stability:

*12.6 If **you** have a credit facility secured over **your** primary place of residence or **your** residential investment property with **us**, **we** will remind **you** annually of **your** obligations to insure the property under the **terms and conditions** of **your** relevant mortgage. **Our** reminder to **you** will also include:*

- (a) a general statement to make inquiries with **your** insurer about **your** cover; and*
- (b) a reference to **ASIC's** MoneySmart website (www.moneysmart.gov.au) for information on property insurance.*

The Productivity Commission rightly suggests that households need to take responsibility to mitigate personal risks (page 51). IAG believes, however, that individuals need to be empowered with the relevant knowledge and skills to manage these risks. This is the rationale behind IAG's focus on community risk education. Community awareness cannot be influenced by the actions of the insurance industry alone. Long-term social education programs are critical to developing a strong

SHARED RESPONSIBILITY (CONTINUED)

sense of community resilience to natural disasters and addressing the apathy and myopia demonstrated in relation to natural disaster risk management.¹

Similarly, there are a wide range of community service organisations, which if appropriately engaged and resourced would be valuable in building community resilience. Cost analysis by Sydney University suggests that every dollar spent to support volunteer engagement, could provide up to \$10 in return – in other words, the costs that would otherwise fall on the public or private sector to provide the same. The proposed shared equity partnership (SEP) model (based upon research at the University of Sydney and UTS) works by enabling Government, public, private, financial and industry sectors to be collaboratively brought together². It is underpinned by mutually shared and understood opportunities and risks³.

¹ OECD Policy Handbook on Natural Hazard Awareness and Disaster Risk Reduction Education
<http://www.oecd.org/pensions/insurance/42221773.pdf>

² ICCPM (2014), *ibid*.

³ ICCPM. (2014) Submission for the Australian Government's Productivity Commission Public Enquiry into Public Infrastructure. In: University of Sydney, University of Adelaide, Curtin University, QUT & CSIRO (ed) *Public Enquiry*. Canberra: ICCPM.

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS

Draft finding 2.5

On balance, total mitigation expenditure across all levels of government is more likely to be below the optimal level than above it, given the biased incentives towards recovery under current budget treatments and funding arrangements. However, the extent of the underinvestment in mitigation is not known, and the benefits of significantly increasing mitigation spending have not been sufficiently demonstrated.

IAG has worked closely with councils to demonstrate the cost benefits of increased mitigation (see Appendix A). Similarly Suncorp Insurance has provided modelling that demonstrates similar results. However, to accurately quantify the community benefits and measure the corresponding reduction in risk, insurers need an accurate understanding of the exposure and risk at both the commencement and conclusion of a mitigation initiative. Where insurers do not have an accurate picture of exposure prior to mitigation there may be circumstances where an expected premium reduction does not occur because, for example, the insurer was using out of date information showing a lower risk for an individual property. Equally, there are occasions where mitigation has been implemented but insurers have not been able to access data about the reduced risk and therefore cannot reflect it in their premiums (or did not know about it at all). These issues reinforce the need to make hazard information more widely available, as well as, establish stronger partnerships between government and insurers.

Draft recommendation 3.2

If the Australian Government reduces the relief and recovery funding it provides to state and territory governments, it should increase annual mitigation expenditure gradually to \$200 million, distributed to the states and territories on a per capita basis.

IAG has consistently argued that mitigation funding should be allocated on a priority basis using a cost–benefit analysis to provide funds to those projects that provide the greatest return, which should include the social return. Table 1 (page 5) of the *Draft Report* “Insurance losses by natural hazard, 1970–2013a” shows that Queensland, Northern Territory and to a slight degree New South Wales all incur higher natural disaster insurance costs compared to their population size.

Draft recommendation 4.1

When collecting new natural hazard data or undertaking modelling, all levels of governments should:

- *make information publicly available where it is used for their own risk management and/or there are significant public benefits from doing so*
- *use private sector providers where cost effective, and use licensing arrangements that allow for public dissemination. Where there are costs involved in obtaining intellectual property rights for existing data, governments should weigh up these costs against the public benefits of making the data freely accessible*
- *apply cost recovery where governments are best placed to collect or analyse specialist data for which the benefits accrue mostly to private sector users.*

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS (CONTINUED)

Information request

If guidelines for the collection and dissemination of hazard mapping and modelling are developed:

- *who would be best placed to develop these guidelines?*
- *what hazards could be covered?*
- *how could guidelines for hazard types be prioritised for development?*

IAG endorses the draft recommendations. In recent years, State and Federal agencies and stakeholder industries have begun investing in state and national information sharing systems for natural hazards to provide wider public access and consistent data sets. The Victorian Draft Floodplain Management Strategy includes a commitment to streamline and improve their existing flood hazard databases and share all information with insurers. However, more needs to be done.

IAG supports the Australian Business Roundtable's recommendation for a national platform for foundational data covering demographic, weather, topography and geological, and assets data. As outlined in the Business Roundtable's commissioned report *'Building our Nation's Resilience to Natural Disasters'*, the responsibility for the provision of risk information in an accessible and usable way lies primarily with government. Much of the information needed to address natural hazards understanding is common across many sectors. It is efficient to coordinate the production and dissemination of this information centrally to ensure consistency and avoid duplicated effort across jurisdictions and industry sectors as natural disasters do not respect artificial jurisdictional boundaries. Additionally, in IAG's experience, the credibility of hazard information is often questioned because of the variations between individual insurers and local councils. A centralised, independent single point of access is required to ensure consistency, reliability and public trust in the risk information provided.

Draft recommendation 4.2

State and territory governments, local governments and insurers should explore opportunities for collaboration and partnerships. Partnerships, for example, could be formed through the Insurance Council of Australia and state-based local government associations (or regional organisations of councils). Consideration could be given to the Trusted Information Sharing Network model, and involve:

- *governments sharing natural hazard data that they already hold and undertaking land use planning and mitigation to reduce risk exposure and vulnerability*
- *insurers sharing expertise and information (for example, claims data) to inform land use planning and mitigation*
- *collaboration to inform households of the risks that they face and adequacy of their insurance to fully cover rebuilding costs, and to encourage private funding of mitigation through incentives such as reduced premiums.*

IAG believes cross-sector collaboration is essential for a resilient nation. Insurers should be routinely included in planning, mitigation and other flood management related decisions which will directly impact the pricing of risk. The potential insurance premiums generated by various levels of exposure should be part of the calculation of what is tolerable before new development takes place. This will help the community make an informed choice, understanding the trade-offs for living in particular areas. IAG agrees insurers should collaborate with government to provide greater guidance to households of the risks they face. IAG has been an industry leader in this type of collaboration by assisting Rockhampton Regional Council with an analysis of the likely premium impacts of a proposed flood levee. Administration, competition and intellectual property issues would need to be

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS (CONTINUED)

worked through in developing a framework to facilitate greater and more systematic insurance industry participation.

Informing households about the probable hazards that they may face remains a core government responsibility that should continue to be pursued through National or, at a minimum, consistent State based initiatives. The role of insurers is to support and complement government activities by disseminating relevant information to their customers, not to be the sole or central source of that information. Insurers need to be empowered to do this with access to accurate and up to date data to provide a nationally consistent view of risk. Where insurers have access to the same data as those who are responsible for mapping and managing the impact of natural hazards they can help educate the community on the risk they have. When insurers are not able to use the most up to date and accurate information available there is greater potential for confusion and scepticism in the community about the impact of natural disasters. The Insurance Council of Australia is working closely with several states and local governments to address these matters.

Blue Mountains case study

A significant factor in home building underinsurance is the lack of knowledge of new building laws and regulations implemented by state and local government. In the event that a home is destroyed in a natural disaster such as a bushfire or a flood, any replacement building must also comply with codes and regulations. This adds significant additional cost to rebuilding, particularly in areas vulnerable to natural hazards and extreme weather. This was a contributor to some home owners in the Blue Mountains finding they were underinsured after their homes were damaged or destroyed in the October 2013 fires. While there was debate about whether responsibility for sharing this information should lie with local council or insurers, the real issue is that the processes governing Bushfire Attack Level (BAL) rating of properties can be difficult to navigate and information on building codes is not readily available or accessible to individuals or insurers.

These laws and regulations differ depending on state and geographic location. As such, for home owners, it is often a difficult and complex process determining what building laws and regulations apply to their property. Furthermore, there is often no clear information available to residents about the cost of compliance with these codes and regulations.

For example, under current NSW regulations property owners are not required to assess a property's BAL - which then determines the building construction requirements they must comply with - unless they are seeking to build or redevelop a property. In many cases this will only happen after a bushfire event which has destroyed or severely damaged their home. Obviously this is too late to take out additional insurance to cover these extra costs. While homeowners may voluntarily undertake a BAL assessment this is infrequent given the cost involved. Further, completed BAL ratings are not published by state or local government nor are they disclosed to future purchasers.

These factors make it difficult not only for home owners but stakeholders such as insurers to understand the potential risk. IAG understands the benefits, in terms of safer and more resilient buildings, that building codes and regulations bring. Insurers have a role in assisting consumers to understand the cover they need and educating consumers about risk, and IAG is continually exploring new and more effective ways of doing this. IAG's businesses are in the process of reviewing sum insured calculators to take into account the potential additional costs associated with rebuilding or renovating in bushfire prone areas. State and local governments are responsible for implementing and enforcing rebuilding codes and regulations.

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS (CONTINUED)

There is a shared responsibility between councils, home owners and the insurance industry to help home owners ensure they have the right cover for their needs and are adequately insured. IAG works with local councils on a variety of initiatives and is looking into ways IAG can better remind our customers in bushfire prone areas that they need to check with their local councils if there are any building regulations that may apply to their homes. The situation in the Blue Mountains clearly illustrates how effective risk management can be impeded when risk information is not readily available and accessible.

Draft recommendation 4.3

State and territory governments should hasten implementation of the Enhancing Disaster Resilience in the Built Environment Roadmap, including reviewing the regulatory components of vendor disclosure statements. Furthermore, the Land Use Planning and Building Codes Taskforce should consider possibilities for regular, low-cost dissemination of hazard information to households by governments and insurers (for example, the work of the Insurance Council of Australia to develop natural hazard ratings at a household level).

IAG supports the inclusion of hazard risk information on vendor statements as a means to improve the transparency of the risk for communities and consumers investing in at risk areas. Options for informing the public about the risk of exposure to natural hazards for their property include requiring notifications on rates notices or in contracts for sale of properties. Information should also be made readily available through all local government web pages and for renters through the relevant state Rental Bond Board. Disclosure of extreme weather and climate change risks associated with a property at the point of sale was also recommended in the Choice/Climate Institute Report on Home Insurance⁴.

It is important to distinguish between information about planning controls and natural hazards. The Victorian Government's Draft Floodplain Management Strategy includes a proposal to ensure that individuals can have full disclosure of the flood risks associated with their property, not just information relating to the 1% AEP flood, as part of vendor disclosure statements. In NSW mandatory vendor disclosure certificates (commonly known as section 149 certificates as there are issued under section 149 of the *Environment Planning and Assessment Act 1979*) are only required to include information about whether a property is subject to a flood related development control.

From IAG's discussions with NSW councils and IAG's own experience with customers, it seems a significant number of people misinterpret an absence of planning controls as an indication that their property is 'risk free'. However, a number of properties not subject to development controls will still have a small but relevant flood risk that will be reflected in their home insurance premiums. This creates confusion as residents try to reconcile these messages. It can also create an administrative burden for councils as they have to provide additional information to their ratepayers which may not then result in a reduction of premium. The misapprehension can also lead to people deciding not to take out flood cover as they rely on their s149 certificates as the 'source of truth' on their flood risk.

There are some excellent examples of local governments providing natural hazard information to the public in a form which allows individuals to easily understand the vulnerability of their property in a detailed way. The online Flood Check Property Report run by Moreton Bay Regional Council in

⁴ <http://www.climateinstitute.org.au/buyer-beware.html>

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS (CONTINUED)

South East Queensland is a particularly good example of flood risk disclosure. The service is available free from the council's website and shows flood levels for a range of events. The ICA has been working closely with states on these matters and a number of local governments and their representative bodies. Several states are now publishing hazard related data in increasingly public portals and are working towards more consistent disclosure of hazard data to households. At the same time, these efforts are enabling access to some hazard related datasets for insurers. However, there is little consistency in what data is available, how it is developed, licensing conditions and how it is made available.

Relying upon arrangements crafted with individual governments and jurisdictions is time consuming, inefficient and gives rise to inconsistencies both in terms of what is made available by governments to industry, what can be made available in return and the quality of the outcomes for community members.

NSW e Planning Initiative

The NSW State and Local Governments have recently collaborated to enhance information sharing with business and the community by developing a user friendly and accessible website to improve planning services and streamline processes. The website provides a much needed centralised depository of local council information and has potential to also enable and facilitate improved planning decisions⁵.

A modified version of the model created by the NSW Government could be used nationally as a means to communicate information about natural perils and integrate risk awareness into the planning process. The addition of separate layers for natural hazard risks beyond those prescribed by planning regulations could be incorporated into the website to minimise misconceptions and address the false complacency generated by an absence of planning controls.

Alternatively, property-based reports created by the portal could include a summary of what hazards are *not* considered in the planning controls. At a minimum there should be a disclaimer indicating that information does not provide a complete picture of hazard exposure and links to the relevant sources. Inclusion of information on BAL assessments on such a website could also facilitate easier, proactive access to building code requirements that would assist residents to choose the appropriate level of insurance cover for their homes.

Draft recommendation 4.8

State and territory taxes and levies on general insurance should be phased out and replaced with less distortionary taxes.

IAG supports the recommendation to remove state and territory taxes and levies on general insurance. Removal of insurance taxes will allow premiums to become more affordable and recognises the role of the tax system in encouraging insurance coverage.

⁵ <http://www.planning.nsw.gov.au/en-au/buildinginnswe-planningfornew.aspx>

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS (CONTINUED)

Draft recommendation 4.9

Insurers should provide additional information to households regarding their insurance policies, the natural hazards they face and possible costs of rebuilding after a natural disaster. This work could be led by the Insurance Council of Australia to ensure consistency in the provision of information across insurers.

Refer to statements above at Draft Recommendation 4.2 and the response to this recommendation in the ICA's submission.

IAG believes insurers have a valuable role to play in contributing to community education efforts. IAG has made steps in improving customer understanding of insurance and continue to work closely with consumer groups including tailored briefings, provision of maps and data as well as targeted consumer awareness seminars. It is in the industry's interest to have informed customers.

In 2013 IAG promoted discussions about flood risk and insurance to educate high-risk NSW communities. It included hosting local community seminars and visits to local governments as well as state and federal Ministers and Members of Parliament to educate them on our ability to assess and price risk for policyholders. This outreach was highly successful and will continue to ensure all families are able to make better decisions about risk and insurance. Since the October 2013 Blue Mountains bushfires NRMA Insurance has sent reminders to customers who are potentially underinsured to review their cover, and ran an advertising campaign to remind people to review their sum insured and to use the NRMA Insurance sum insured calculator.

Insurers do offer guidance on rebuilding costs. This guidance typically comes in the form of web-calculators and from insurance professionals who tailor insurance products to a customer's circumstances (brokers). However, as illustrated by the Blue Mountains experience outlined above, the provision of accurate guidance can be challenging due to difficulty accessing information about new building codes (where there is an interaction of local planning law, state based regulation and national codes) and applying that information on a case by case basis.

IAG believes all these measures need to be supported with ongoing customer education and resources such as the ICA's Understand Insurance website. However IAG agrees with the ICA and submissions made by GeoScience Australia, Treasury, the Bushfire & Natural Hazards CRC and the Australian Business Roundtable for Disaster Resilience & Safer Communities, that there is a core role for government to play in delivering consistent hazard related data to the community, industry and all stakeholders who rely upon hazard information for risk management purposes.

Information request

What is the prevalence of sum insured versus total replacement cost cover in household building and contents insurance policies? Has this changed in recent years? Are there any impediments to insurers disclosing an indicative estimate of the difference between the sum insured and the replacement value of the property?

Are there barriers to insurers recognising property-level mitigation through reduced premiums? Where commercial insurers adopt more risk-reflective pricing are reinsurers adjusting their prices accordingly?

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS (CONTINUED)

Total replacement cover (TRC) policies are not widely available in Australia with only two insurers currently offering this type of cover. Internationally there has also been a gradual phasing out of TRC policies, the most obvious example being in New Zealand. Changes in New Zealand's risk profile following the Canterbury earthquakes and corresponding changes in reinsurance requirements drove a shift to sum insured policies after TRC policies had been the market standard for the past 20 years. Currently only one mainstream insurer, FMG⁶, continues to offer TRC policies in New Zealand.

Similarly, sum insured type policies are more prevalent and widely available than TRC policies in Europe, the United Kingdom and United States.

TRC policies raise a number of challenges for insurers. Primarily, TRC policies expose insurers to significant reinsurance pricing and regulatory impacts. As the sum insured is uncapped in TRC policies, a certain degree of subjectivity is required which creates uncertainty around the insurer's exposure.

Regulatory impacts

In accordance with APRA requirements insurers must set aside capital, or purchase sufficient catastrophe reinsurance to protect the company from a 1:250 year event. If exposures are understated and reinsurance protection is inadequate, the solvency of the company may be affected. The Sum Insured policy is the most reliable product where measurement of exposures is concerned.

Reinsurance impacts

Reinsurance costs are driven by exposure values. In the case of TRC policies there is limited parity between exposure and premiums which make it difficult for reinsurers to understand the book of business. Greater uncertainty leads to loadings on rates on the part of the reinsurers.

Following natural disasters, due to the scale of loss, claims costs are more unpredictable and may be magnified (known as 'reserve creep') due to:

- Post disaster inflation
- Demand surge
- New building codes and restrictions.
- Availability of builders and materials

It is for these same reasons that insurers would find it challenging to provide customers with an indicative estimate of the difference between the sum insured and the replacement value of the property.

However, there is potential to increase the general awareness and understanding of rebuild costs by consumers to help guide more appropriate decisions regarding sum insured. In our experience, customers in general tend to underestimate how much it would cost to re-build their home – only approximately 25% of NRMA Insurance customers in NSW accept the sum insured calculator figure and of the remainder, more than half take out insurance below the amount recommended by the

⁶ FMG website: 'FMG's diversified and geographically spread client base across rural and provincial New Zealand has allowed us to retain this cover. Without the same concentrated urban risks as most other insurers, we are able to retain full replacement cover as an option for our rural and provincial clients.'

RESPONSE TO SPECIFIC FINDINGS & RECOMMENDATIONS (CONTINUED)

calculator⁷. Decisions to under insure due to a poor understanding of how much it costs to rebuild may be influenced by greater education and guidelines. Behavioural factors such as myopia may also play a role and the Insurance Council of Australia's Financial Inclusion Committee is currently exploring the use of behavioural economics principles to encourage more rational insurance purchasing decisions.

IAG looks forward to working with the government and other stakeholders to achieve the social and economic policy objectives, and to support a move towards a more sustainable and comprehensive approach to managing the impact of natural disasters on the community.

⁷ NB. NRMA Insurance has put in place restrictions to prevent customers from insuring for an amount 20% less than the sum insured recommended by the calculator and index sum insured amounts at renewal to keep up with inflation.

APPENDIX

Investment in flood mitigation – impact on flood premiums

Charleville

INVESTMENT	REDUCTION IN FLOOD PREMIUMS	IMPACT OF NEW FLOOD DATA
\$20 million flood levee combined with Bradley's Gully diversion and house raising program.	<p>1239 homes – or 42% of all properties - will see a reduction in the flood component of their premium.</p> <p>The average flood premium for 593 properties will go from \$1179 to zero.</p> <p>The average flood premium for 696 properties will go from \$2151 to \$859 or a reduction of 60%.</p> <p>These figures are based on NRMA Insurance premiums.</p>	<p>Following the completion of the levee, Council gave insurers access to more accurate flood mapping and risk information.</p> <p>This means there will be changes to our flood premiums that are not related to the levee itself. They are due to new and more accurate data</p> <p>(1) revealing properties we previously knew were flood risks have a higher flood risk or</p> <p>(2) indentifying as flood risks properties we did not previously have flood risk information about.</p>

St George

INVESTMENT	REDUCTION IN FLOOD PREMIUMS	IMPACT OF NEW FLOOD DATA
\$6 million flood levee combined with house raising grants and land swaps.	<p>900 homes – or around 30% of all properties – will see a reduction in the flood component of their premium to an average of \$247.</p> <p>Of these, 50 properties previously flooded in 2010 and now protected by the levee will see flood premiums go from an average of \$1229 to \$133 – a reduction of 90%.</p> <p>These figures are based on NRMA Insurance premiums.</p>	<p>Following the completion of the levee, Council gave insurers access to more accurate flood mapping and risk information. Before this, IAG's data was very limited. We have identified a number of new flood risk properties based on our new understanding of flood risk. Accordingly, our premiums now more accurately reflect each property's risk of flooding as mapped by the Council. For those properties protected by the levee any increases will – on average – be less than before the levee was completed.</p>

APPENDIX (CONTINUED)

Roma

INVESTMENT	REDUCTION IN FLOOD PREMIUMS	IMPACT OF NEW FLOOD DATA
\$16 million flood levee protecting around 500 homes combined with house raising and diversion channel.	<p>1399 homes – or around 30% of all properties – will see a reduction in the flood component of their premium.</p> <p>The average flood premium for 474 properties will be reduced to nil.</p> <p>The average flood premium for 925 properties will go from \$977 to \$160 or a reduction of 83%.</p> <p>These figures are based on NRMA Insurance premiums.</p>	<p>Following the completion of the levee, Council gave insurers access to more accurate flood mapping and risk information. Before this, IAG's data was very limited. We have identified a number of new flood risk properties based on our new understanding of flood risk. Accordingly, our premiums now more accurately reflect each property's risk of flooding as mapped by the Council.</p>
