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BY:

Dear Sir

In March/April 2011, early on in the debate about
Natural Disaster Insurance, I wrote in support of a
scheme being implemented and proposed a method
for consideration.

Having spent all of my working life in the Insurance
Industry, I am appalled to now read that Insurers
and the I.C.A. merely calls to leave things as they
were and to call for Flood mitigation Infrastructure
etc and then announce excessive premiums which they
would require to even consider providing cover in some
areas.

This thinking is retrograde and leaves the Country
and its people in no different position from
post 1974 Floods and now post 2011. Also insurers
seem to have forgotten Bush Fires, Cyclones and the
like whilst retaining the option to accept or
reject a risk if they wish so leaving the
insureds of this Nation and governments heavily
exposed without proper Budgeted protection.

With a national scheme with individual sum insured
limits, as I originally suggested, then insurers
can get involved in providing excess layers of
coverage, also allowing insurers to participate in
Catastrophe Re-Insurance layers which will be
required by any Government fund particularly in
the early days.

Also proposing Risk Management solutions of
Flood mitigation etc as a first steps with such

a broad issue at stake is not feasible from a time² and high expense perspective. Risk management must be considered ~~later~~ ^{however} later in the equation for the Government Fund to perhaps contribute to.

In this respect may I suggest the following issues be addressed in a R.M. sense for people protection.

- (1) Originally by a Government Fund and disaster levy one gets a tool for government to properly compensate people in the event of loss.
- (2) One avoids the ~~legal~~ aspect of Insurers picking and choosing risk or charging exorbitant premiums as each + every insurer observes the proposed risk.
- (3) One avoids the tragic situation we still see now of insurers clashing with Insureds as to what is covered and not covered. Just look at the desperate + homelessness of people in Ipswich, Grantchester, to name a few, find themselves in.
- (4) The Government + levy Fund hopefully, and if properly invested + managed, will grow over the years ahead. Then excess funds can be directed to Flood etc mitigation work which from then on helps to protect the fund and people from the angst and disruption of flood etc. at the same time it is protecting the disaster Fund Capital in the longer term of ^{work}
- (5) Projects deserving mitigation ^{work} could be identified by local Authorities throughout the Country, prioritised and partly funded by the Fund also with local government contributions + on a needs basis. This is a feasible form of "Risk Management" somewhat in reverse from traditional use but which is the only practical way to avoid failures of the past particularly by insurers + in circumstances the government finds itself.
- (6) As an insurance broker + R.M. consultant for a lot of my working life I have found that by close observation of risk with clients, lateral thinking has great merit + pays off long term.

critic. From a distance I believe that this sort of lateral³ thinking is what is needed if the insurers straighten up & down the line thinking they are now displaying. None of the issues Insurers have suggested give any relief or solve the situation in which the Government finds itself now.

I hope that you & your Committee become committed to the fresh approaches proposed. No change, as insurers propose, is not an option.

Sincerely

David Applegarth

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