

# **FLEMING PASTORAL COMPANY**

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## **AUSTRALIAN GOVERNMENT NATURAL DISASTER INSURANCE REVIEW**

Every building or structure in Australia should be insured against all natural disasters, including fire, storm and tempest, flooding, cyclone and earthquake.

The Australian Government should introduce and manage (or contract out) a compulsory insurance scheme to provide a basic cover for loss of property and buildings in a naturally occurring circumstance.

The agents of the Federal Government could be Local Government, whose function would be the provision of valuation and evaluation services to include:

- (a) At the time of revaluation and supplementary valuations within a Municipality, provide a “Net Annual Value of Insurable Property” which would be assessed by using a formula of Capital Improved Value, less Site Value, less the value of uninsurable or unallowable items, which may normally be included in a Net Annual valuation e.g. farm dams.
- (b) At the same time as revaluation the valuer will provide a “Scaled Level of Risk” assessment of the insurable property which would reflect the circumstances of risk to each property.
- (c) Perhaps the collection of the revenue along with rate revenue.

The compulsory element of the scheme would be that all property owners would contribute to self- insurance of say 75% of the value of their “Insurable Property” as adjusted by regular Municipal valuations.

The scale of risk would determine the level of loading of the insurance premium to reflect the degree of vulnerability of the property to natural disaster.

Revenue collection would be on a quarterly basis (as with rates) and would require minimal cost in implementation.

The Fund Insurance would not cover building contents, cars, machinery etc.

Obviously top up insurance would be at the discretion of the property owner.

This is an in principle view, that the elements of compulsory insurance for all, a loading for risk, and valuations aligned to the Local Government system, form the basis of my proposal.

Paul Fleming

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