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Subject: Treasury Consultation – Re-insurance Pool for Cyclones and Related Flood Damage – Draft Legislation - Submission by Legal Aid Queensland
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Treasury Consultation – Re-insurance Pool for Cyclones and Related Flood Damage – Draft Legislation – Submission by Legal Aid Queensland

Thank you for providing Legal Aid Queensland (LAQ) with an opportunity to comment on draft legislation for the establishment of a re-insurance pool for cyclones and related flood damage.

LAQ provides input into State and Commonwealth policy development and law reform processes to advance its organisational objectives. We seek to offer policy input that is constructive and is based on the extensive experience of LAQ's lawyers in the day to day application of the law in courts and tribunals.

LAQ's Civil Justice Services Unit lawyers provide advice and representation in relation to responsible lending, insurance, mortgage stress, housing repossession, banking and financial issues, financial hardship, debt, contracts, loans, telecommunications and unsolicited consumer agreements. We assist clients in North Queensland with insurance issues following cyclones and floods.

We support the establishment of a reinsurance pool for Northern Australia. It appears likely to benefit consumers by reducing the cost of cyclone and flood related damage insurance policies.

In LAQ's view the key criteria for assessing the draft legislation is whether or not the model will address the fact that insurance for many consumers in Northern Australia who find it prohibitively expensive to purchase insurance that protects them against cyclones and flood related damage.


We note the following features will be of significant benefit to consumers:

1. Over time the pool will offer discounts where properties have undertaken cyclone and flood mitigation.
2. From 1 July 2022 – 30 June 2025, the pool will cover the cost of all eligible cyclone and related flood claims above the policy holders excess under their insurance policy.
3. From 1 July 2025 there will be a risk sharing arrangement between the government and insurers. In LAQ's submission, it is important that the details of the risk sharing arrangement be clearly and transparently set out.
4. All insurers with cyclone risk policies must participate in the scheme.
5. The ACCC will have a price monitoring function to ensure premium savings obtained because of the Reinsurance Pool are passed onto the consumer.
6. Household policies including Home and contents, landlord and residential property on Agricultural land are all covered by the pool.
7. Strata policies where 80% of the land is used for residential purposes are covered.
8. Business property policies where the total sum insured does not exceed \$5 million is covered.

We acknowledges that the reinsurance pool is one of a range of complementary measures that

includes risk mitigation for properties which can address the problem of unaffordable insurance in Northern Australia.

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Legal Aid Queensland



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