

## NDIR Submission from Ken Bull

National Disaster Insurance Review SUBMISSION

The Chair  
National Disaster Insurance Review  
C/- The Treasury  
Langton Crescent  
PARKES ACT 2600

By email: NDIR@treasury.gov.au

Dear Sir/Madam

### **Submission – “National Disaster Insurance Review – Have Your Say”**

My name is Ken Bull and I wish to make a submission/comments on the availability and affordability of insurance for flood and other natural disasters. I notice you are particularly interested in submissions from members of communities affected by the floods etc.

I am a solicitor representing my brother Barry Bull, his wife Catherine Bull and their family. I have discussed this submission with them. To avoid confusion however for all intents and purposes please accept this submission as being made by me personally, rather than on their behalf.

### **Summary of submissions/comment**

Against the background of the recent catastrophe involving Mr and Mrs Bull, and having discussed these matters with them, I wish make the following particular submissions/comment:

1. There should be a national cross-subsidisation of insurance so that full and appropriate home and contents, business and property insurance is available to all existing Australian households and businesses etc at an affordable and fair price which is not distorted by the possibility or likelihood of future exposure to floods or natural disasters. It is more likely that such insurance will need to be offered by the federal government or by deliberate and specific federal government regulation of the private insurance market. *All* households in Australia are susceptible to some form of natural disaster, whether that susceptibility arises from flood, cyclone, bushfire, earthquake, tsunami, storm/tempest/wind, lightning, landslide etc or even from something as highly unlikely and geographically-limited as a meteorite strike or spacejunk – and a definition of “natural disaster” sufficiently broad in that regard should be the threshold to allow a claimant to make a successful natural disaster insurance claim for damage to person or property;
2. Full, appropriate and comprehensive flood mapping should be made of the continent and its territories and islands to identify flood prone areas;
3. All existing properties in flood prone areas (residential, commercial and all other types) should be covered by the insurance described in paragraph 1. New construction should not be permitted in those areas however if it is or has been permitted for any reasons the properties constructed, and persons affected, should have the same access to insurance as that described in paragraph 1;

4. In relation to flood and water-damage there should be no differentiation between where the water comes from – be it for example riverine or runoff it should make no difference - and the federal government should regulate to exclude such semantic niceties in all (public and/or private sector) insurance policies;
5. Similarly the federal government should regulate to simplify insurance policies and to ensure that clauses that limit natural disaster *etc* insurance to (publicly unacceptable) levels (such as 15% and 25% as was common to properties in the Lockyer Valley) are not permitted;
6. Consideration should be given to the creation of a (cooperative federalism, referred power to the commonwealth, or an each state-based) government insurance body to effect the universal cross-subsidised insurance described in paragraph 1;
7. Some minimal level of insurance cover should apply to all properties having human habitation or where people work, visit or worship – and should if necessary attach to the property in much the same way as local government rates do. Where properties are exempt from paying rates some other mechanism should be found so that in the event the property is destroyed or damaged some basic or minimum insurance should cover the property and all persons injured. This will or may need government regulation;
8. Other countries, such as New Zealand, the UK, USA, France and Spain have models of universal (or at least widespread) natural disaster insurance. Many of these are adequately described in Appendix 4 of your report of June 2011. Please also note the following: <http://www.insuranceguide101.com/home-insurance/flood-and-earthquake-insurance.aspx>, and this submission that the broader public interest should prevail over the commercial interest of private sector insurers (such as expressed in articles such as this: <http://www.theage.com.au/business/iag-warns-against-national-disaster-insurance-scheme-20110304-1bi69.html?skin=text-only>).

Thank you for your consideration of the above submissions and comment.