

Tele: 03-5962-3171

20 Bangambalanga Avenue,  
Healesville Vic 3777.

11<sup>th</sup> July 2011

The Chairman,  
National Disaster Insurance Review,  
C/o The Treasury,  
Langton Crescent,  
Parkes ACT 2600

Dear Sir,

Re: Fire, Flood and Insurance

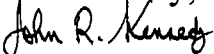
I enclose a copy of a letter dated 29<sup>th</sup> January 2011 which I sent to the Australian newspaper which they did not publish.

Subsequently I was in correspondence Mr Robert Mitchell, my local MP, and Mr Bill Shorten, the Assistant Treasurer, the upshot of which was that I should make a submission to your review.

Although the floods have caused the loss of fewer lives than the bush fires, the damage done has been greater, so it appears likely that the payouts from the insurance companies will be more than in 2009. Insofar as the insurance companies are not covered by reinsurance, they will have to pass the cost on to policy holders to avoid insolvency, unless the Federal Government steps in to help them.

I enclose a copy of a column in Herald Sun newspaper of the 16<sup>th</sup> March 2011 on the subject.

I am not suggesting that the Federal Government should subsidise house insurance on an ongoing basis but the floods have created a special case to ensure the insurance companies do not pass the whole of the enormous cost on to the policy holders, the most vulnerable being pensioners and young families.

Yours truly,  
  
John R. Kennedy

29th January 2011

The Editor,  
The Australian

Dear Sir,

The continuing rise in the cost of house insurance is a growing problem for all house owners particularly young families and retired people on pensions.

The bush fires in 2009 and the recent floods have shown that many people were underinsured or even had no insurance at all.

Following the 2009 bush fires my house insurance premium increased by 28 per cent so that the company could recover the amounts it had paid in previous years claims.

If the insurance companies do the same again to recover from their flood payouts the burden on less wealthy policy holders will be intolerable.

The government must make some financial arrangement with the insurance companies to ensure that house insurance remains affordable,

Yours faithfully,

J.R. Kennedy

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## Natural disasters hit home insurance cost

THE average home and contents policy is tipped to cost about \$150 more this year as Australian insurance companies grapple with rising reinsurance premiums after Japan's earthquake.

The news comes as \$30 billion was wiped off local shares after a third reactor blast at Japan's Fukushima nuclear plant sparked panic-selling across global markets.

The reinsurance industry,

which covers insurance companies against a proportion of costs associated with big risks, is expected to face a \$US50 billion damage bill from the natural disaster in Japan. That's on top of about

\$US22 billion in losses from the Queensland floods and Christchurch earthquake.

Canstar Cannex research manager Chris Groth said home and contents premiums could rise 15 per cent.

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HERALD SUN 16 MARCH 2011

29/01/2011