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Mitigation will ease pressure on vulnerable communities

The National Insurance Brokers Association (NIBA) has welcomed the Federal Government's commitment to fund targeted flood mitigation, which will reduce the trauma for vulnerable communities and ease insurance costs.

NIBA CEO, Dallas Booth, said today's announcement goes to the heart of the issue -- reducing the potential impact of natural disasters before they occur and therefore the amount of money spent on disaster relief after the event.

"It has been clearly demonstrated that the amount of money required for effective mitigation is much less than the cost of relief measures and rebuilding after a disaster.

"Insurance is not sufficient by itself, as it merely spreads the cost of repairing the damage across policyholders. The smarter thing to do is to actually reduce the potential for damage in the first place, which is what the Government is now doing. This is what NIBA argued for in its submission to the Natural Disaster Insurance Review.

"We will work with our members to identify areas of potential risk across Australia that need to be referred to the new Insurance Affordability Council."

Mr Booth said the response of individual insurers to these projects may well vary, both in terms of price and terms and conditions of cover as they calculated the likely impact on claims costs.

"This makes it more important than ever that business owners and householders seek expert professional advice from an insurance broker, who is in the best position to make sure their client fully understands the risks that might affect their property, and to enable them to insure those risks for the best price," he said.

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NIBA is an independent industry association representing 500 firms and more than 2600 intermediaries, who handle almost 90% of the commercial insurance transacted in Australia. Brokers play a major role in insurance distribution, handling \$18 billion in premiums annually and placing around half of Australia's total insurance business.