



Australian Government

Australian Reinsurance Pool Corporation

Cyclone Reinsurance Pool Premium Assessment

May 2026

Contents

Disclaimer	2
1: Executive summary.....	3
2: Purpose and approach.....	3
2.1 Purpose.....	3
2.2 Approach	3
3: Home insurance.....	4
3.1 Policyholder premium impacts.....	4
3.2 Insurance availability	5
4: SME insurance	7
4.1 Policyholder premium impacts.....	7
5: Limitations	9
Appendix A: Exposure by Wind Band and CRESTA.....	11
Appendix B: Glossary	12

Disclaimer

ARPC endeavours to ensure the quality of this publication as at its release date. The information in this report is published for general information only and does not comprise advice or a recommendation of any kind. ARPC does not make any representation or warranty for the accuracy, completeness, or currency of material included in this publication. ARPC will not be liable for any loss or damage to you or any other person arising out of any use of, or reliance on, any information or opinion contained in this publication.

The analysis shown in this report uses quote data licensed from Finity Consulting. The data is captured, but is not validated, by Finity (although it has been reviewed for general reasonableness and consistency).

© Commonwealth of Australia 2026

This publication is available for your use under a Creative Commons Attribution 4.0 Australia licence (CCBY 4.0) except for the Commonwealth Coat of Arms, Australian Reinsurance Pool Corporation logo and where otherwise stated [graphics and photos]. This licence allows you to use the work, provided you attribute the work and do not suggest that ARPC endorses you or your work. To view a full copy of the terms of this licence, visit:
www.creativecommons.org/licenses/by/4.0/au/deed.en

Enquiries regarding this document are welcome to:

Head of Actuarial
 Australian Reinsurance Pool Corporation
 Gadigal Country, GPO Box Q1432, Queen Victoria Building NSW 1230

Email: enquiries@arpc.gov.au



1: Executive summary

ARPC has analysed insurer quote data to assess the Cyclone Reinsurance Pool (cyclone pool) premiums against legislative objectives, with a focus on affordability and availability of insurance across cyclone risk areas.

Average policyholder premiums for medium to high¹ cyclone risk policies decreased by 17 to 37 per cent from October 2022 (before the first insurers joined the cyclone pool) to January 2026. Quote success rates for policies with medium to high cyclone risk have increased by 25 to 27 per cent since insurers joined the pool. Our previous assessment was performed in July 2025. When considering the changes between July 2025 and January 2026, average Home policyholder premiums and quote success rates have generally remained stable in higher risk regions, while premiums have increased in low-risk areas, consistent with broader market conditions. The analysis indicates that the cyclone pool is still improving insurance affordability and availability in high cyclone risk areas.

2: Purpose and approach

2.1 Purpose

The cyclone pool covers cyclone and cyclone-related flood damage to insured residential (Home), strata (Strata), and small business (SME) properties. The cyclone pool is designed to improve insurance affordability and availability in areas with medium to high cyclone risk. Cyclone pool premium rates are set by ARPC, in line with the four legislative objectives specified in the *Terrorism and Cyclone Insurance Act 2003* (TCI Act):

1. Over the longer term, premiums are sufficient to cover or offset claims and expenses including any payments funded by the Commonwealth guarantee
2. In medium to high cyclone risk areas, to keep the premiums as low as possible
3. In lower cyclone risk areas, to keep premiums at levels comparable to what would be charged by other reinsurers
4. Maintaining incentives to reduce and mitigate the risk of eligible cyclone claims.

This report analyses online insurer quote data² to assess the extent to which cyclone pool premium rates are meeting objectives two and three, and if there are any improvements in insurance affordability and availability in cyclone risk areas. The analysis in this report will also provide valuable input into future cyclone pool pricing reviews.

2.2 Approach

The insurer quote data captures online insurer premiums using a consistent set of risk profiles each quarter. Sums insured are not inflated between quote collection periods. Quotes are analysed for Home (Buildings only) and SME new business quotes. Online quote information is not readily available for Strata policies as these are generally distributed through intermediaries like brokers.

The analysis uses two key metrics to assess the impact of the cyclone pool:

- change in average policyholder premium, and
- change in quote success rate.

¹ For the purposes of this assessment, ARPC Wind risk bands L to W are considered medium to high risk.

² Quote data collection commenced in October 2022 for Home, and July 2023 for SME.

The metrics are analysed using data from before insurers joined the cyclone pool and compared to the most recent data available. The analysis was previously completed using data from July 2025. Comparisons are made to the previous analysis to consider the change in the metrics over the six months.

Seven major insurers are represented in the analysis, with one brand included per insurer. One insurer withdrew from Home quote monitoring from July 2025, with April 2025 being the last quarter of data where all insurers are represented. For Figures 1 and 2, changes to April 2025 reflect the average of the original seven insurer brands, while changes from July 2025 onward exclude the insurer that has withdrawn from the monitoring.

Results are aggregated, giving equal weight to each insurer. Quotes are analysed in groups according to the ARPC Wind Risk Band³ (risk band). Table A in Appendix A maps CRESTA zones to ARPC Wind Risk Bands. All the insurers included in the analysis had joined the cyclone pool prior to January 2024.

Table 1 provides a snapshot of in-force cyclone premium by class and cover. More than three quarters (78 per cent) of in-force cyclone pool premium is currently made up of Home Buildings, with smaller proportions for other classes and covers.

Table 1 – Cyclone pool in-force premium by class and cover as at 31 December 2025

		Proportion of in-force cyclone pool premium as at 31-Dec-2025
Class	Cover	
Home	Buildings	77.9%
	Contents	9.5%
SME	Buildings	2.6%
	Contents	0.6%
	Business Interruption	0.7%
Strata	Buildings	8.8%

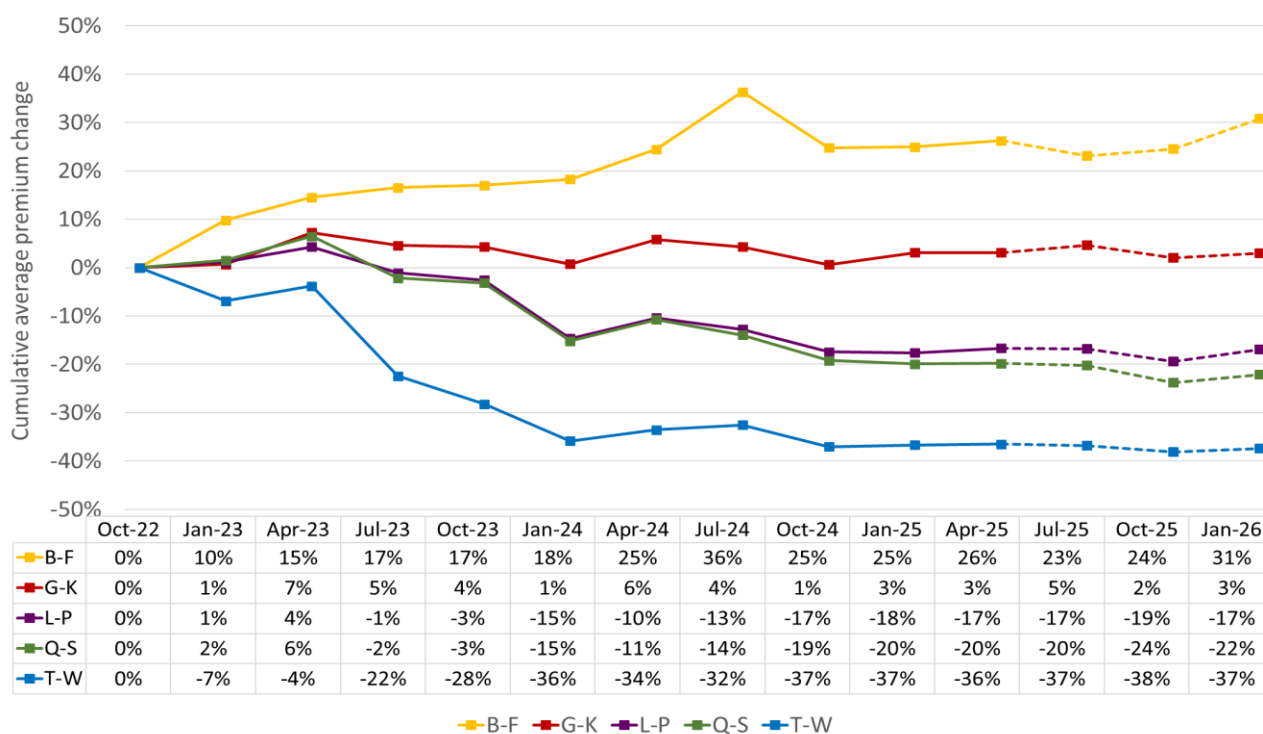
3: Home insurance

3.1 Policyholder premium impacts

Two key legislative objectives for cyclone pool premiums are to reduce premiums for medium and high-risk properties and to maintain premiums at a level comparable to the private market for low-risk properties.

Figure 1 shows the cumulative average premium change by risk band from before any insurers joined the cyclone pool (October 2022) up to the most recent data collection (January 2026).

³ ARPC Wind Risk Bands have been grouped into five categories (B-F, G-K, L-P, Q-S, T-W) for the purpose of this analysis.

Figure 1 – Cumulative average Home premium change by risk band (October 2022 to January 2026)

Source: Quote data provided by Finity Consulting

Note: One insurer withdrew from quote monitoring after April 2025 (change indicated by dotted lines)

Since October 2022, insurance premiums for policyholders in high-risk bands have fallen significantly, with premiums for the highest risk bands decreasing by 37 per cent on average.

Premiums for the lowest risk bands increased by 31 per cent on average over the same period. This increase reflects broader market movements in Home insurance rates over the past two to three years and is not attributable to the introduction of the cyclone pool.

On average there have been minimal recent increases for high-risk policies, even though Home insurance premiums are continuing to rise in the current environment, shown by the 5 per cent increase in premiums for the lowest risk bands in the January 2026 quarter alone.

The observed outcomes provide a meaningful signal that cyclone pool premium rates are achieving their intended objectives and leading to significant premium reductions for medium and high-risk policyholders. Increases for low-risk policyholders likely reflect broader market movements which are unrelated to the cyclone pool. This suggests that premium reductions for medium and high-risk policyholders may have been even greater if the introduction of the cyclone pool had not occurred in a high inflation environment with increasing reinsurance costs. Importantly ARPC's cyclone premiums have remained stable over time.

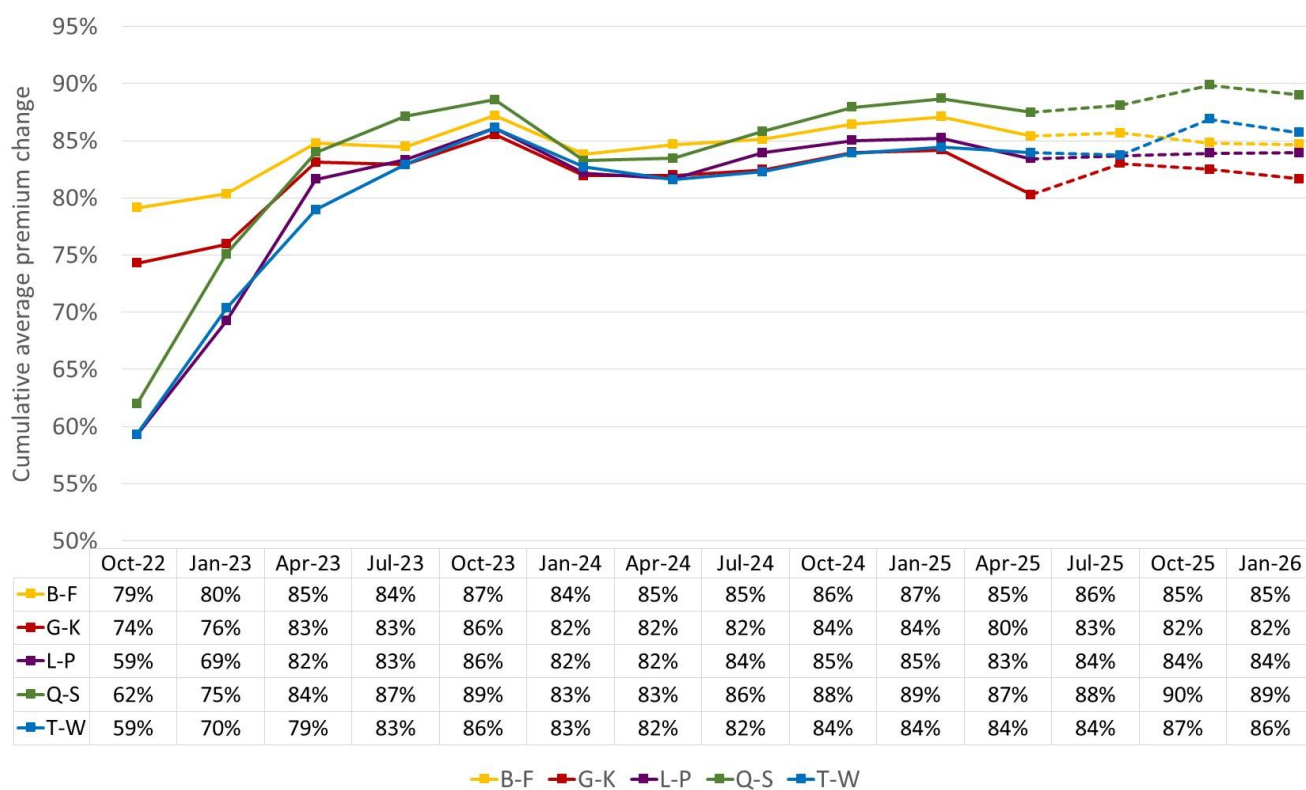
3.2 Insurance availability

An objective of the cyclone pool is to increase insurance availability by encouraging insurer entry and participation in northern Australia. Figure 2 shows the quote success rate by risk band from before any insurers joined the cyclone pool (October 2022) up to the most recent data collection (January 2026).

Since October 2022, meaningful increases in quote success rates have been observed for medium and high risk bands. The increase largely occurred during 2023 and coincided with large insurers joining the cyclone pool.

Since the previous update based on April 2025 data, there have been slight increases in availability in higher risk regions, while remaining stable in lower risk regions.

Figure 2 – Home quote success rate by risk band (October 2022 to January 2026)



Source: Quote data provided by Finity Consulting

Note: One insurer withdrew from quote monitoring after April 2025 (change indicated by dotted lines)

4: SME insurance

4.1 Policyholder premium impacts

Contents

Figure 3 shows the average SME Contents⁴ policyholder premium by risk bands, comparing premiums prior to cyclone pool entry⁵ with premiums quoted in January 2026.

Figure 3 – Average SME (Contents) policyholder premium by risk band (pre-cyclone pool vs January 2026)

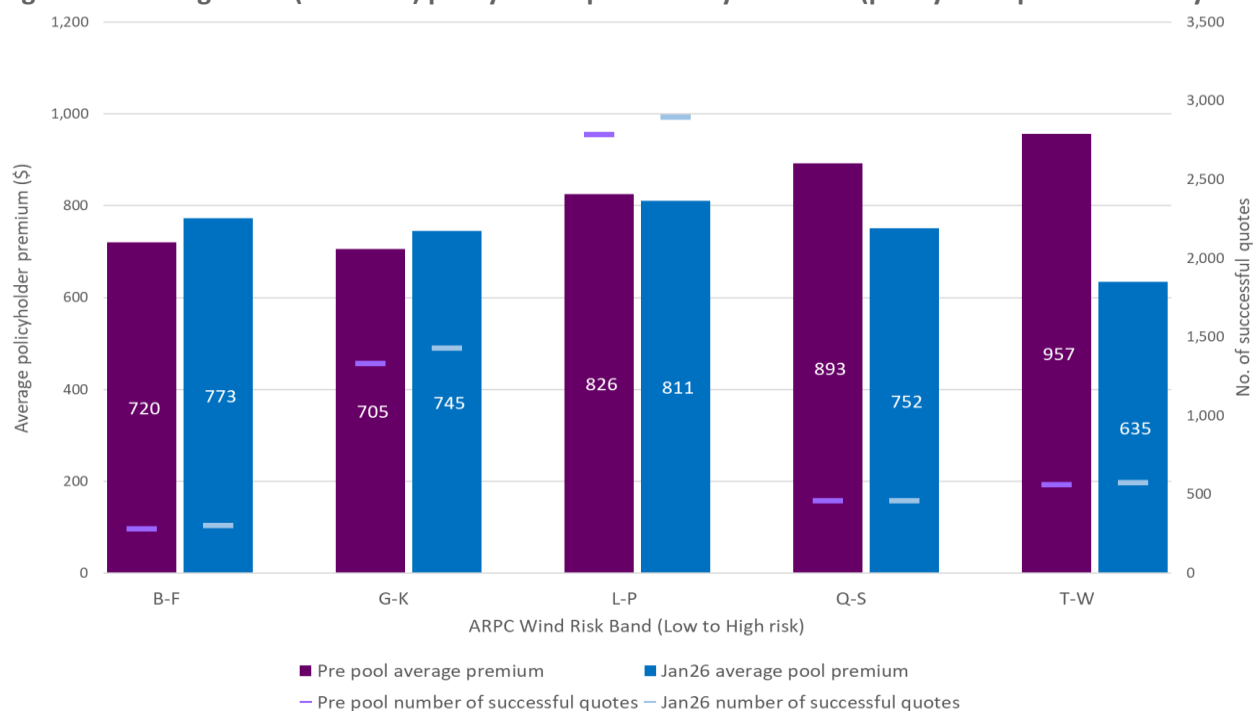


Table 2 – Change in average SME (Contents) policyholder premium by risk band from pre-cyclone pool to latest data (current vs previous analysis)

	B-F	G-K	L-P	Q-S	T-W
Pre-cyclone pool to Jan-26 (% Change)	7%	6%	-2%	-16%	-34%
Pre-cyclone pool to Jul-25 (prev % Change)	-1%	-5%	-11%	-20%	-32%
Change in average premium Jul-25 to Jan-26	9%	11%	11%	5%	-3%

Source: Quote data provided by Finity Consulting

SME Contents cover shows a similar distribution of policy premium changes as Home, with significant reductions observed across the highest risk bands following entry into the cyclone pool. Since July 2025, average SME Contents premiums have increased across most risk bands, with a minor reduction observed for the highest risk band. The observed outcomes in high-risk areas suggest that the cyclone pool and the current premium rates are achieving their intended objectives for eligible SMEs.

⁴ This analysis replaces the SME Combined charts included in previous reports, ensuring representation of multiple insurers in each data point.

⁵ Insurers joined the cyclone pool at different dates. 'Pre-cyclone pool' metrics are derived from data aggregated across multiple time periods.

Business Interruption

Figure 4 shows the average SME business interruption policyholder premium by risk band, comparing premiums prior to cyclone pool entry with premiums quoted in January 2026.

Figure 4 – Average SME (Business Interruption) policyholder premium by risk band (pre-cyclone pool vs January 2026)⁶

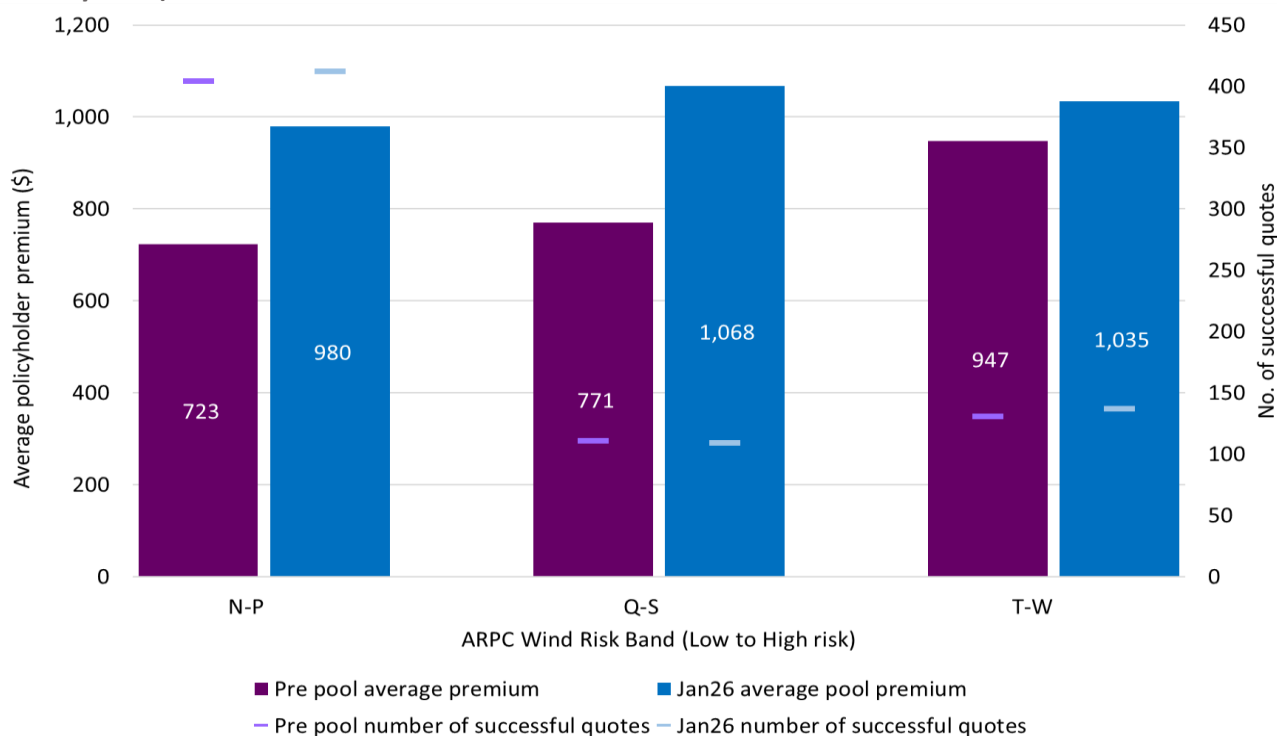


Table 5 – Change in average SME (Business Interruption) policyholder premium by risk band from pre-cyclone pool to latest data (current vs previous analysis)

	N-P	Q-S	T-W
Pre-cyclone pool to Jan-26 (% Change)	35%	39%	9%
Pre-cyclone pool to Jul-25 (prev % Change)	25%	30%	4%
Change in average premium Jul-25 to Jan-26	8%	6%	5%

Source: Quote data provided by Finity Consulting

Average Business Interruption premiums in January 2026 are higher than pre-pool premiums across all risk bands, with a 9 per cent increase for the highest risk bands. Impacts for individual insurers are mixed, with some insurers implementing price increases, and some implementing price decreases on joining the cyclone pool. Over the last six months, increases in Business interruption premiums can be observed across all risk bands.

SME Business Interruption premiums make up a relatively small (0.7 per cent) proportion of the in-force cyclone premium pool. ARPC notes the higher premiums for SME Business Interruption. ARPC is tracking these over time and will consider these observations in future premium rate changes.

⁶ ARPC Wind Risk Bands have been grouped into three categories (N-P, Q-S and T-W) as Business Interruption quotes were not collected for all risk bands and time periods.

5: Limitations

There are approximately 750 Home quotes collected from each insurer each quarter prior to April 2023 and 1,500 quotes from April 2023 onwards. There are approximately 3,000 quotes collected each quarter for SME. The rating inputs used to generate the quotes for each sample record are consistent for each collection, for a given profile.

The quote samples consist of risk profiles and are designed to represent a broad range of cyclone risk and rating characteristics. The quotes:

- may not provide a comprehensive view of premiums in each ARPC Wind Risk Band
- do not proportionally represent the exposure in each risk band. Exposure decreases as cyclone risk increases, as fewer people live in high cyclone risk areas.

Table 6 – Number and proportion of policies in-force by risk band as at 31 December 2025

ARPC Wind Risk Band	Count of Home Building Policies ('000s)	Proportion of Policies
B-F	1,642.0	64.7%
G-K	605.8	23.9%
L-P	206.8	8.2%
Q-S	42.2	1.7%
T-W	40.5	1.6%
Total	2,537.4	100%

Other limitations noted relating to the data and approach include:

- The quote risk profiles were re-designed during the April 2023 quarter. Quotes were collected for both the old and new samples for three quarters from April 2023. The relevant period for this analysis is from October 2022 (before the first insurer joined the cyclone pool) to January 2026. To analyse data across this period, we were required to use old and new samples. Premium data from the old samples have been scaled for comparability with the new samples. This process means that the metrics do not perfectly represent the raw quote data.
- The quotes are consistent over time so that outputs are comparable quarter on quarter; sums insured are not adjusted for inflation over time. Policy sums insured are typically inflation adjusted on renewal, and premium changes year on year will reflect this. The impact of inflation is not captured in this analysis.
- Our analysis compares quotes collected across multiple periods. We are assuming that the quotes are generated using the same inputs and therefore the outputs are directly comparable. This may not always be the case, as the process involves the use of fuzzy matching algorithms.
- This analysis only provides a view on new business premiums. Premium quotes for renewals on existing policies may differ from those quoted online for new business.
- Only some SME policies are sold directly to policyholders, with many policies sold through intermediaries. This analysis only offers information about premiums on policies sold directly, which may differ from intermediated premiums.
- Insurers only provide online quotes for a narrow range of SME policies, as they require the customer to contact the insurer to receive a valid premium for policies with certain risk characteristics or coverage. This analysis may not capture premium movements for policies that require contacting the insurer for a quote.

- One insurer withdrew from Home quote monitoring from July 2025, with April 2025 being the last quarter of data available. For Figures 1 and 2, changes to April 2025 reflects the average of the original seven insurer brands, while changes from July 2025 onward exclude the insurer that has withdrawn from the monitoring.



Appendix A: Exposure by Wind Band and CRESTA

Table A – Home Buildings policies in-force as at 31 December 2025 in each Wind Band by CRESTA zones

		In-force Home Buildings policies by CRESTA and Wind Band				
CRESTA	CRESTA Name	B-F	G-K	L-P	Q-S	T-W
1	Gold Coast					
2	Brisbane					
3	Sunshine Coast					
4	Wide Bay					
5	Rockhampton					
6	Marlborough					
7	Mackay					
8	Proserpine and Offshore Island					
9	Townsville					
10	Ingham					
11	Cairns					
12	Cape York					
13	Fair Cape					
14	Gulf					
15	Inland QLD					
16	North NT					
17	Darwin					
18	Remainder NT					
19	Kununurra-Broome					
20	Pilbara					
21	Geraldton Central Coast					
22	Perth					
23	Albany-Bunbury					
24	Remainder WA					
47	Northern Slopes					
48	Mid-North coast					
49	Far North coast					

Yellow cells indicate that more than 5% of the in-force policies in the CRESTA fall into the Wind Band.

Appendix B: Glossary

Term	Definition
ARPC Wind Risk Band	The risk band is a premium rating factor developed by ARPC for the calculation of cyclone pool premiums, with bands running from A (nil cyclone premium) to W (highest risk). The risk bands give some indication to the relative level of risk but are not a pure risk measure.
Average policyholder premium	The average quoted premium returned for successful quotes (including taxes and government charges).
Average quote success rate	The number of successful quotes as a percentage of the total quotes attempted.
CRESTA	CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) zones are part of an international geographic zoning system which helps brokers and reinsurers manage natural hazard risk.
Cyclone related flooding	Cyclone related flooding can be split into two broad categories: • Pluvial flooding (incorporating surface flooding and flash flooding) which can occur anywhere high rainfall occurs, such as the path of a cyclone. • Fluvial flooding (riverine) occurs when water in a river, lake or other water body overflows onto the surrounding banks and land.
Home	A standalone residential property that is not a Strata policy.
In-force	An insurance policy that is active and paid up.
Large insurers	Large insurers have more than \$10 million of premium income eligible for the cyclone pool. These insurers were required to join the cyclone pool prior to 31 December 2023.
New business	A new business policy is one that is incepting for the first time. Insurers may provide quotes for new business policies on their websites, generated using data entered by prospective policyholders.
Rating characteristics	Attributes of a risk or policy that may impact the premium, e.g. sum insured, construction type, year of construction.
Renewal	A renewal policy is one that is renewing using the same (or similar) conditions as the previous policy year. Insurers may reach out to their customers directly to provide quotes for renewal policies.
Residential	Refers to a policy where the property is used wholly or mainly for residential purposes.
Risk profiles	A set of defined risk characteristics used to generate an insurance premium.
SME	Refers to a policy where the property is used mainly for commercial purposes and is not classified as Strata.
Strata	Refer to the definitions set out in items 4A (1) and (2), (3), or (4) of the Terrorism Insurance Amendment Regulations.
Sum insured	The insured value of a property defined by the policyholder or insurer, typically an input to determine premium.