Opening Statement

Dr Christopher Wallace, Chief Executive
Australian Reinsurance Pool Corporation (ARPC)

Parliamentary Joint Standing Committee on Northern Australia
Inquiry into Preparing for Emerging Industries Across Northern Australia

Hearing date: 25 November 2026

Chair and Committee members, thank you for inviting Australian Reinsurance Pool Corporation to appear today.

I am pleased to have the opportunity to provide an update on the operation and impact of the Cyclone Reinsurance Pool.

We understand that the Committee examined the pool previously and considered that more time was needed to assess its impact. Now, more than four years since the pool commenced, there is a stronger body of evidence available on its operation and outcomes.

ARPC is a Corporate Commonwealth entity within the Treasury portfolio, responsible for administering the terrorism and cyclone reinsurance pools.

The Cyclone Reinsurance Pool commenced on 1 July 2022 and was established to improve the affordability and availability of insurance, particularly for households and small businesses in areas exposed to medium and high cyclone risk.

Today, the pool has 22 participating insurers and reinsures approximately 3.2 million buildings across Australia.

Since the Committee last considered the pool, we have seen further evidence of improvements in insurance affordability and availability in higher cyclone-risk areas.

Our latest Premium Assessment, published in October 2026, shows that average quoted Home insurance premiums in medium- to high-cyclone-risk areas are between 14 and 37 per cent lower than before insurers joined the pool. The availability of insurance quotes has also improved in these areas.

Importantly, these findings are supported by independent monitoring undertaken by the Australian Competition and Consumer Commission, which found that the pool has reduced premiums or moderated premium increases for consumers in higher cyclone-risk areas.

However, insurance affordability remains a significant challenge for many Australian households and businesses. The pool addresses cyclone-related reinsurance costs, but other natural hazards, building costs and broader insurance market conditions continue to influence the premiums consumers pay.

The pool has also demonstrated its role in responding to significant cyclone events, including Tropical Cyclone Alfred.

Our latest Financial Outlook Report found that the pool remains financially sound, notwithstanding the significant volatility in claims experience. The pool recorded a positive operating result of $701 million in 2025–26, following a substantial negative result in the previous financial year.

Maintaining the pool's financial sustainability over the longer term, while delivering targeted affordability benefits and incentives for risk mitigation, remains central to ARPC's responsibilities.

We have also continued to develop our understanding of insurance participation and coverage gaps in cyclone-exposed communities. Our recent research highlights that, despite improvements in some premium outcomes, significant insurance coverage challenges remain.

We recognise that insurance affordability and availability can have implications for the cost of living, business operations and the economic resilience of communities across Northern Australia.

ARPC can provide operational experience, technical analysis and evidence to inform consideration of these matters, while recognising that changes to the legislative framework and broader scheme settings are matters for Government.

We welcome the opportunity to assist the Committee by explaining what the evidence now tells us about the pool's performance, the challenges that remain, and the work ARPC is undertaking within its statutory responsibilities.

Thank you, Chair. We would be pleased to take the Committee's questions.