

Church places insurance in the hands of god

EXCLUSIVE

By **DAVID ROSS**, JOURNALIST

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The crippling cost of rising insurance premiums has seen the Anglican Diocese of North Queensland self-insure against fire and floods.

Faced with a renewal cost that went from \$500,000 to \$2.5m in just a year, the diocese joined a rush of businesses and organisations around the world that have moved to self-insure.

The church's insurance fund, set up on a mutual model, launched with cover for more than \$120m worth of assets.

The church is looking to expand the scheme and assist other religious and community organisations in the top end.

By the end of the year the insurance fund is expecting to cover more than \$1bn in assets.

Queensland insurance start-up Picnic Insurance set up the church's mutual, with Lloyd's of London's international managing agent Asta providing underwriting, risk management, regulatory compliance and governance support.

Wills Re also assists Picnic in the case of major events or large claims that may exceed reinsurance coverage.

Picnic Insurance CEO Charles Pollack said the launch of the mutual presented a strong opportunity to provide coverage for markets underserved by traditional insurers.

“There’s many things to like about the mutual model,” Mr Kirk said. “In a mutual any property is retained by the members for increasing the covers base or reducing premiums.”

Mr Pollack said members in the mutual had an incentive to keep costs down and better prepare properties for wild weather.

“If everyone is doing those things (when) the cyclone comes down there are small claims,” he said.

The Anglican Diocese of North Queensland stretches from the top of the Torres Strait south to Mackay and west towards the border with the Northern Territory.

Archdeacon Chris Wright said the church looked to self-insure after dealing with 12-15 per cent premium price rises year on year, “even if we didn’t have a cyclone”.

“When you get insurance raises of 30/40/50 per cent and they just come out of the blue, you can’t budget for that,” he said.

“Our costs are about the same as the last time we were insured. We expect they will go up but I know we will get notice of how much it’s going up in advance.”

Despite representing only 5.6 per cent of overall policies issued nationally in 2018-19, the top end accounted for 11 per cent of total claims.

Mr Wright noted many insurers treated all of the area in the same light, despite the varied weather patterns across the huge region.

“Insurance companies were treating us like we were all in the cyclone belt and we would be taken out all at one time,” he said.

“The insurance companies never looked at our buildings. They’ve always classed them as all the same — it doesn’t matter if our buildings are on the coast or Croydon in the west.”

He said the church was looking to expand its self-insurance scheme to cover other religious and cultural institutions. “This is not just a thing that affects the church, it affects the whole of northern Australia,” he said.

A recent report from the Australian Competition & Consumer Commission found only a handful of providers serving northern Australia, with fast-rising premiums outstripping the capacity for many to pay.

The report called for governments to subsidise insurance premiums for policyholders in the far north, or for state governments to remove stamp duties levied on policies.

But governments are not rushing to respond.

Queensland Treasurer Cameron Dick said his government awaited the outcome of the federal government’s response to the ACCC report.

West Australian Treasurer Ben Wyatt said his government supported the report’s recommendations to increase competition in the insurance market to improve affordability.

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