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**TAKING A STAND FOR LIVESTOCK DROUGHT INSURANCE –...**

By Anna Game-Lopata — ANZIIF Writer | 31 Jan 2020

Australia is a country shaped by both drought and agriculture — so given the current Murray Darling Basin drought is officially the worst on record, it makes no sense that drought insurance to cover a farmer's precious livestock isn't accessible. Brett O'Brien of OBA Consulting is on a mission to change that.

Fourth generation Australian Farmer Brett O'Brien believes it's important to 'leave things, including your life, in a better state than you inherited them'.

Having been involved in farming for over 35 years and insurance for over 20, the ANZIIF Fellow is dedicating his time to the introduction of livestock drought insurance.

'Currently Australian farmers can't insure their precious livestock against the peril of drought as the mainstream Australian insurance market does not offer such cover,' O'Brien explains.

‘Introducing insurance against drought for farmers who lose livestock as a result of drought would improve the livelihood of farmers and the farming landscape for the current generation and those to follow in this great country of ours.’

A LOVE OF CATTLE AND INSURANCE

Born in Colac, in rural Victoria O’Brien was a registered Angus Society breeder who came into the insurance industry in the late 1990s after two years managing hotels and bars in Europe.

‘My knees were shot from loading and unloading kegs,’ he recalls.

‘In Europe the kegs are twice the size of kegs in Australia and after one Christmas Eve in England single-handedly unloading and stacking over 100 kegs, I thought I would try something white collar when I got back home to Australia.’

Starting at Just Car Insurance prior to its acquisition by AAMI, O’Brien later sold the first single vehicle premium in excess of \$10,000 in AAMI’s 90-year history. In his time at the company, he wrote more than \$2,000,000 in premium before moving into broking.

ETHOS OF ALTRUISM

He also worked on a several projects free of charge for the Thailand Insurance Institute in line with an ‘ethos of better equipping the generations that follow ours’.

‘This ethos was in its embryonic stage during my time as National Insurance Manager for the Australian Red Cross from 2009 to 2012,’ O’Brien relates.

‘During my time at Red Cross we had delegates deployed in over 60 countries around the world and the Travel Insurance program, the largest in Australia at the time, was a very important program,’ O’Brien relates.

‘I saw first-hand that the work I do could impact and, in some cases, save people’s lives in terms of our International Travel Insurance program and the changes and enhancements I made to it.’

A GAP IN THE MARKET

Towards the end of 2018, O’Brien started to look closely at livestock drought insurance and found it was essentially unavailable in Australia.

‘I realised the current drought is Australia’s worst since 1903 and it’s front-page news,’ he says.

‘I found it unacceptable that farmers could not readily insure their livestock for drought – they could for flood and fire – why not drought?’

O’Brien felt Australian farmers were being badly let down by government policy and the insurance sector.

‘The majority of businesses in Australia can insure for business interruption – in a country such as Australia where agriculture forms such a large part of our identity and national landscape, why can farmers not insure this huge interruption to their business?’

‘I felt this was an unacceptable status quo.’

GOVERNMENT DRAGS ITS FEET

To that end, O’Brien set up his risk management company, OBA Consulting, in February 2019 with the aim of making it the driving force behind materialising livestock drought insurance in Australia.

So far, O’Brien’s push for backing from government and the insurance industry to support a viable model has received positive feedback but failed to gain traction.

In 2019, he wrote to the government suggesting an approach might be to replicate the North Queensland Home Insurance Initiative for drought insurance.

Shortly afterwards, the creation of the North Queensland Livestock Industry Recovery Agency was announced as a response to the catastrophic Monsoon losses at the beginning of the year.

While a welcome response, O’Brien argued that the agency, could not satisfy the national need for livestock drought protection.

His call for a government subsidy or insurance rebate to support drought cover has so far fallen on deaf ears.

Correspondence from David Littleproud, the federal minister for Drought, Rural Finance and Natural Disaster, confirms that ‘The Australian Government

is not considering offering rebates or subsidising premiums for insurance products that the market is operating effectively’.

This is despite a history of rebates on insurance for farmers including multiperil crop and farm pack and a glaring gap in the market for drought cover.

NEVER GIVE UP

However, O’Brien is undeterred. He believes responsibility should not rest with the government to ‘cyclically, reactively hand out tax-payer-funded bail out packages’.

‘Nor should the Government rely on tax-payer-funded bail out packages to secure re-election,’ he says.

As one option, O’Brien highlights index-based style cover like those operating in Kenya and Mexico, with the support of those governments.

He has also suggested setting up a discretionary mutual similar to the Australian Reinsurance Pool Corporation (ARPC) which focuses on terrorism risk and recovery.

‘I was an insurance broker when the government established the ARPC in 2002,’ O’Brien says. ‘It has a lot of merit.’

LIKE MINDED SUPPORTERS

Support may also come from NSW minister for Agriculture Adam Marshall MP, who has been calling on Commonwealth and other levels of government to consider assisting farmers and businesses against future drought by helping them self-insure.

In July last year, the NSW government allocated \$2 million to a partnership with the National Farmers Federation to identify potential models that might protect farmers against income loss and increase their resilience in the face of natural disasters.

O’Brien says lines of communication have been established with Adam Marshall this month and he is hoping this will prove productive.

‘Insurers including re-insurers require government assistance to be able to provide responsible pastoralists the option to insure their livestock against drought,’ he says.