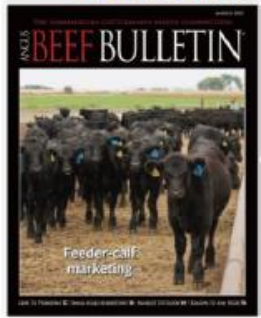


OBA Consulting features in Angus Beef Bulletin USA



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Drought Insurance Down Under

Risk management option trying to come to fruition.

In January, the Australian wildfires were making big news in American media. Drought is certainly a big deal in Australia. It's not called the sunburnt country for nothing, and the current Murray-Darling Basin drought is officially the worst on record. However, livestock drought insurance is not available to Australian ranchers. Fourth-generation farmer Brett O'Brien of OBA Consulting is on a mission to change that.

Having been involved in farming for more than 35 years and insurance for more than 20, the Australian and New Zealand Institute of Insurance and Finance (ANZIIF) Fellow is working to introduce livestock drought insurance to the island continent.

"Currently Australian farmers can't insure their precious livestock against the peril of drought on the mainstream Australian insurance market, as it 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,” he says.

A gap in the market

Born 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. He worked on several projects for the Thailand Insurance Institute. Later he was the national insurance manager for the Australian Red Cross.



“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,” says Brett O’Brien.

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

“I realized 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?”

Australian farmers were being badly let down by government policy and the insurance sector, O’Brien says. “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?”

Roadblocks

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 making livestock drought insurance a reality 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 after, 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.

However, O'Brien is undeterred. He believes responsibility should not rest with the government to "cyclically, reactively hand out taxpayer-funded bailout packages."

"Nor should the government rely on taxpayer-funded bailout 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."

The work continues but hopefully the support to Australian ranchers will come to fruition in the near future. Risk management is a must in the livestock industry, regardless of country.

Editor's note: This article was adapted from an ANZIIF release. More information about OBA Consulting is available at <https://www.obaconsulting.com.au/> or by emailing admin@obaconsulting.com.au.

Full article in Angus Beef Bulletin online [here](#)