



Insurance Affordability Crisis

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This briefing outlines the escalating insurance affordability and availability crisis affecting Bright (VIC 3741) and surrounding Alpine communities. It explains the structural drivers behind insurer withdrawal and premium escalation and presents evidence supporting the need for systemic intervention, including consideration of a government-backed natural disaster insurance pool.

Key Message

- Insurance premiums in Bright have increased by 30% to over 500% in recent years, with some properties unable to secure cover at any price.
- Insurers are withdrawing from the market due to structural bushfire and flood risk, not individual property behaviour.
- Even where property owners invest in bushfire mitigation, premiums do not fall and cover is not guaranteed.
- The issue reflects a market failure, driven by reinsurance costs, catastrophe modelling, and accumulation limits.
- Without external intervention, insurance affordability and availability in Bright are expected to remain constrained, business viability and regional tourism will be undermined, property owners may underinsure or go uninsured, investment and population retention will be negatively impacted
- Natural disaster insurance pool, similar to North Queensland Cyclone Pool, represents the only credible pathway to restoring affordability and competition.

Why Insurance Is Getting More Expensive in Bright

Over the past few years, many people in Bright and surrounding areas have seen their insurance premiums rise sharply. Some premiums have increased by 30%, 50%, or even several hundred percent. In some cases, insurers have refused to renew policies at all, leaving people with only one option—or none. This trend is occurring across residential, commercial, accommodation, and short-term rental properties and is impacting long-term residents, small businesses, and the local tourism economy.

While no single action will reverse this trend, the only call to action is **natural disaster pool**, like FNQ cyclone pool which sufficiently reduced premiums overnight once activated.

This is not happening because individual property owners are doing something wrong. It is happening because insurance companies now see Bright as a very high-risk location, mainly due to bushfires.

Insurance premiums across Bright, Victoria have increased materially between 2022 and 2026, with multiple properties experiencing premium increases ranging from 30% to over 500%, alongside significant excess increases and reduced insurer participation. In several cases, insurers have declined to offer terms altogether, forcing policyholders into a limited market with materially higher pricing and excesses.

The primary driver of this outcome is elevated bushfire risk, as evidenced by independent catastrophe modelling, combined with secondary flood exposure and market-wide insurer appetite contraction for regional accommodation risks. These factors have resulted in Bright being classified as an extreme bushfire zone, no manned fire station (CFA Volunteers only), population under 5000 people leading several SME and Home Insurance insurers to withdraw from the Alpine Shire or restricting their capacity to combined property and business interruption at limit of \$500,000.

Why Insurers Have Pulled Out of the Market

Insurer withdrawal from Bright is driven by structural and systemic factors rather than individual risk quality. Insurance companies don't just look at one house or business at a time. They also look at how many properties they insure in the same town or region. In places like Bright a single large bushfire could damage many insured properties at once and creates a risk that is too big for some insurers to carry. A great example of this was the 2024 LA bushfires, State Farm dropped thousands of policies in the Palisade region before the bushfires happened. This is why even long-term customers with no claims history are being declined renewal terms from time for distance to bushland. Unfortunately, this is not a short-term issue, insurance companies and their reinsurers (the insurers' insurers) see bushfire risk as a long-term, structural problem, not something that will disappear next year.

CATASTROPHE ACCUMULATION LIMITS

Insurers and reinsurers impose geographic accumulation caps. Bright’s bushfire classification means new or renewing risks push insurers beyond acceptable catastrophe concentration thresholds. Once limits are reached, insurers will decline new or renewal business regardless of claims history.

REINSURANCE COST AND AVAILABILITY, REGULATORY AND CAPITAL PRESSURE

Reinsurance pricing for Australian bushfire-exposed regions has increased significantly. Higher reinsurance costs are either passed directly into premiums or result in insurers withdrawing from marginal regional markets such as Bright. For regional portfolios with limited scale (small populations), insurers increasingly assess that the risk-adjusted return on capital for Bright exposures is insufficient, leading to strategic withdrawal rather than further repricing and if repriced, pricing themselves out of the market completely or declining to offer terms which reduces competition and higher premiums for remaining capacity.

REDUCED APPETITE FOR ACCOMMODATION RISKS

Accommodation risks—including motels, short-term rentals, and hospitality venues—are viewed as particularly exposed during evacuation events. These risks face a higher likelihood of total loss and prolonged business interruption. As underwriting agency arrangements change over time, new guidelines are often applied, resulting in sudden premium spikes or refusal to offer renewal terms altogether due to bushfire exposure.

The escalation of insurance premiums and withdrawal of insurers from Bright, Victoria is primarily driven by high bushfire exposure, compounded by flood risk and regional accumulation concerns. Independent catastrophe modelling clearly categorises Bright as a high-risk wildfire location, which has triggered underwriting restrictions, reduced insurer participation and higher pricing and excesses.

These trends are structural rather than temporary and reflect long-term insurer and reinsurer risk management strategies. Without material risk mitigation, diversification, or external intervention, insurance affordability and availability in Bright is expected to remain constrained.

Natural Perils and Hazards for Bright, Victoria

Bushfire Risk Profile

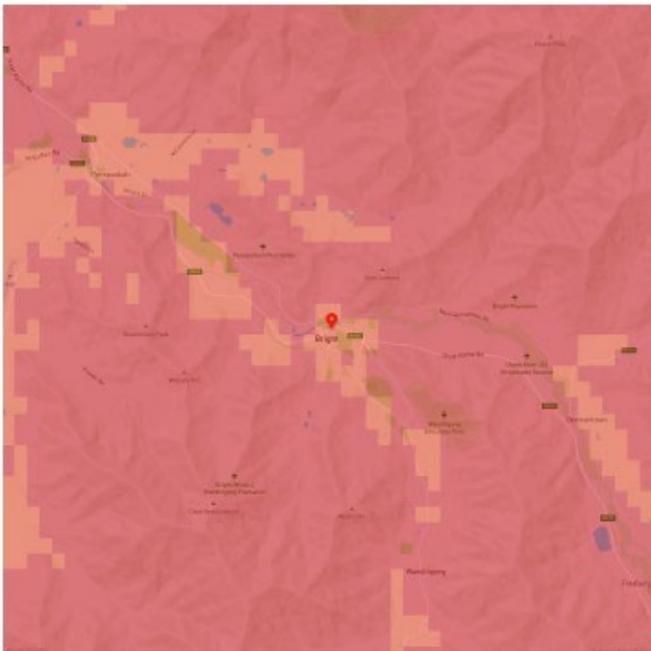
Independent catastrophe analysis included in the file identifies **bushfire/wildfire exposure as “High”** for Bright. The modelling shows that Bright sits within an area of elevated wildfire likelihood driven by vegetation density, topography, and historical fire behaviour.

Key bushfire risk indicators documented include:

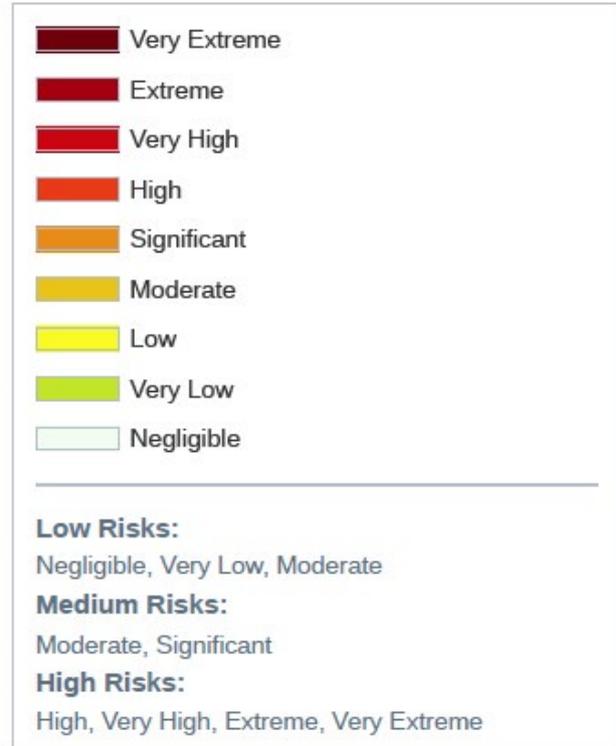
- Bushfire/Wildfire: High
- Distance to Bush: Medium (50–75 metres in several locations)
- Vegetation density surrounding township and peri-urban properties
- Regional classification as wildfire-prone under insurer catastrophe frameworks

These factors physically increase the probability of total loss events and large correlated losses during severe fire seasons. From an insurer’s perspective, Bright represents a high-severity, low-frequency peril with poor diversification benefits, particularly when multiple insured assets are located within the same fire footprint.

Result : High



Risk Grades:



Interaction with Flood and Multi-Peril Exposure

While bushfire is the dominant driver, Bright also demonstrates pluvial and fluvial flood exposure, with catastrophe layers indicating high and medium flood return periods in parts of the township.

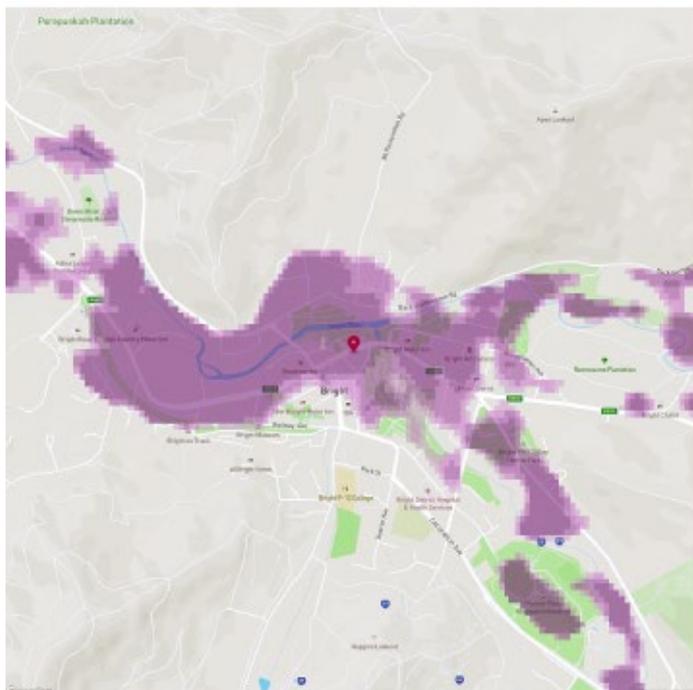
This multi-peril profile compounds insurer concern because:

- Fire events are often followed by post-fire flooding and erosion
- Claims severity increases due to infrastructure damage and access constraints
- Reinsurance models penalise locations exposed to both wildfire and flood

The presence of multiple catastrophe triggers increases the capital insurers must hold for Bright-based risks, directly impacting pricing and underwriting appetite.

Result : 50 years

Return Period [years]



Risk Grades:



Low Risks:

Outside, 500 Years

Medium Risks:

200 Years, 100 Years

High Risks:

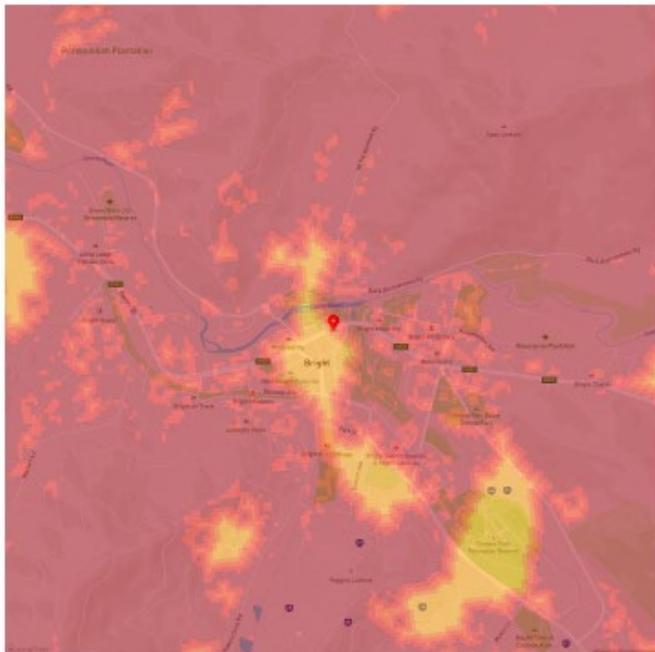
50 Years

Distance to Bush

Distance calculated from vegetation density. The objective is to highlight the significance of 'proximity to bush' in case of widespread fires. The resolution of the layer is 25m.

Result : 50 to 75

[m]



Risk Grades:



Low Risks:

300 To 500, > 500, Outside

Medium Risks:

50 To 75, 75 To 100, 100 To 300

High Risks:

< 25, 25 To 50

Premium Increase Examples

Despite demonstrated willingness by property owners to implement enhanced bushfire mitigation measures, insurers have not provided corresponding premium relief or underwriting incentives. This indicates that individual risk mitigation, while beneficial from a community resilience perspective, is insufficient to influence insurance pricing or availability in high-risk regions under current market and reinsurance frameworks.

MOTEL RISK, BRIGHT VIC 3741

1980, Brick construction

Year	Total assets	Premium	Premium Change	Notes
2022	\$1,020,000	\$3,780		
2023	\$1,020,000	\$4,530	20% increase	Excess increase to \$1,000, Claim \$3,200 lightning damage
2024	\$1,105,000	\$5,705	26% increase	
2025	\$1,200,000	\$8,765	54% increase	
2026	\$1,497,000	\$12,975	48% increase	Excess increased to \$5,000

MOTEL RISK, BRIGHT VIC 3741

1970 mixed construction, 20% brick, 80% timber

Year	Total assets	Premium	Change	
2021	\$1,365,000	\$7,595		
2022	\$1,365,000	\$9,640	27% increase	
2023	\$1,465,000	\$12,529	30% increase	Excess increased to \$1,000
2024	\$1,846,500	\$17,898	43% increase	Excess increased to \$1,500
2025	\$2,025,000	\$30,420	70% increase	Insurer did not offer terms, changed insurers, 1 option only, increased excess to \$5,000

PROPERTY OWNER OF RESTAURANT, BRIGHT VIC 3741

1980 Brick full refurb 2018

Year	Total assets	Premium	Change	
2022	\$534,320	\$2,735		
2023	\$700,000	\$3,695	35% increase	Excess increased to \$1,000
2024	\$789,000	\$5,020	58% increase	
2025	\$864,000	\$6,995	40% increase	
2026	\$976,500	\$10,435	50% increase	

HOBBY FARM WITH SHORT TERM RENTAL, BRIGHT VIC 3741

Year	Total assets	Premium	Change	
2022	-	\$5,095		
2023	-	\$5,585	10% increase	
2024	-	\$7,735	38% increase	
2025	-	\$12,930	67% increase	
2026		\$12,980	-	New insurer as QBE do not underwrite accommodation risk anymore

HOBBY FARM, GLEN CREEK VIC 3691

Year	Total assets	Premium	Change	
2022	\$758,410	\$3,380		
2023	\$829,000	\$3,698	9.4% increase	
2024	\$907,000	\$5,015	36% increase	
2025	\$920,000	\$7,843	56% increase	Reduced values by \$250,000, add farm shed and contents \$65,000, Increase excess to \$2,500, Claim – water damage \$179,000
2026	\$999,000	\$10,613	35% increase	

SHORT TERM RENTAL IN SHOWERS AVE, BRIGHT VIC 3741

1975 Double Brick with iron roof

Year	Total assets	Premium	Change	
2025	\$1,100,000	\$4,590		
2026	\$1,130,000	\$23,225	508% increase	Quote through CGU \$23,225, Allianz premium \$53,600, Castle \$60,155 We are unable to secure affordable terms for due to flood overlay change

SHORT TERM RENTAL, HARRIETVILLE VIC 3741

2019 Steel walls & roof

Year	Total assets	Premium	Change	
2024	\$646,403	\$2,275		
2025	\$637,313	\$3,055	34% increase	Commission rate reduced by 7.5%, technically a 41.5% increase
2026	\$656,432	\$4,025	32% increase	

OWNER OCCUPIED HOME, FREEBURGH VIC 3741

2004 Brick Veneer with iron roof

Year	Total assets	Premium	Change	
2022	\$1,072,963	\$2,623		
2023	\$1,145,202	\$3,053	16% increase	Increase excess to \$1,000, storm claim \$42,000
2024	\$1,222,354	\$4,997	64% increase	Commission rate reduced by 7.5%, technically a 71.5% increase
2025	\$1,304,756	\$5,691	14% increase	

SHORT TERM RENTAL, POREPUNKAH VIC 3740

2014 Steel walls & roof

Year	Total assets	Premium	Change	
2022	\$924,067	\$4,035	15% increase	
2023	\$987,318	\$5,033	25% increase	
2024	\$1,054,885	\$7,123	42% increase	Excess increased to \$1,000, Commission rate reduced by 7.5%, technically a 49.5% increase
2025	\$82,881	\$7,080	-	Finally, some relief

HOBBY FARM, EUROBIN VIC 3739

2012 Hardi Plank walls, iron roof and full sprinkler system surrounding the property

Year	Total assets	Premium	Change	
2022	\$1,765,000	\$5,495		New policy
2023	\$1,925,000	\$6,218	13% increase	
2024	\$2,112,000	\$8,596	38% increase	
2025	\$2,317,000	\$12,807	49% increase	

Conclusion

The insurance crisis facing Bright is structural, not temporary. It is driven by catastrophe modelling, reinsurance dynamics, accumulation limits, and capital constraints that are beyond the control of individual property owners.

Without systemic intervention, insurance affordability and availability will remain constrained, with significant consequences for regional communities. A government-backed solution is required to address this growing national issue surrounding bushfire and flood.



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