Introductions at what cost? Can insurance provide a new tool to manage weed incursions at the border?

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Summary While international trade has many benefits, a significant side effect has been the creation of multiple pathways for the introduction and spread of non-native species across the globe. In Australia, a variety of tools, legislation and policy mechanisms have been developed and implemented to try and limit these accidental introductions, with limited success. Part of the problem is that import requirements do not provide an incentive for an importer to consider the impact on Australia of a potential invasive species introduction – typically importers do not bear any of the costs associated with managing an invasive they have inadvertently introduced. Instead, any management costs would be borne by the government and/or affected industries.

In this paper we explore the concept of introducing insurance contracts to the importing process – requiring importers to insure against the risk that their imported product either introduces a new invasive species or becomes invasive. Insurance companies would assess the risk of an incursion associated with a particular import and derive a premium accordingly. Importers would be able to reduce premiums through actions that result in a lower risk of incursion, such as further cleaning of packaging and containers pre-arrival, or additional testing of imported plants for invasive characteristics. As such, the scheme would both provide incentives for importers to reduce the likelihood of a weed introduction, and contribute to covering the cost of management should an incursion occur.

Keywords Insurance, border quarantine, importer behaviour, incentives, economic instruments.