



News release

Insurance Council
of Australia

Thursday, 2 December 2021

Buildings need to be made more resilient to cyclones

A new report released today by the Insurance Council of Australia (ICA) has found that Australia's houses are not resilient to tropical cyclone hazards, which are expected to become more severe as the climate changes.

Prepared for the ICA by James Cook University Cyclone Testing Station in association with Risk Frontiers, the Tropical Cyclones and Future Risks report outlines the changes required to building codes and construction standards to improve the cyclone resilience of new homes, and calls for greater investment in the retrofitting of old homes to protect property and lives.

The insurance claims cost for tropical cyclones since 1967 stands at \$23 billion, and Cyclone Tracey remains Australia's costliest natural disaster with a \$5.5 billion insurance bill (figs normalised to 2017 values).

The report draws on industry-wide policy and claims data from recent tropical cyclones in North Queensland, with a combined claims cost of \$3.83 billion, and incorporates the damage report from Western Australia's Tropical Cyclone Seroja earlier this year.

It finds that unless significant changes are made to both the design method and criteria for new houses the impact and losses from these events in Australian communities will only increase from an already high base.

A key recommendation of the report is that Australia's National Construction Code considers resilience in all new property construction to reduce the damage, loss and disruption to communities caused by cyclones.

The report also recommends that federal and state governments support the development and expansion of household resilience schemes, such as the now-defunct North Queensland Household Resilience Program, which can help to reduce insurance premiums and better protect householders and communities.

The report [Climate Change Impact Series: Tropical Cyclones and Future Risks](https://www.insurancecouncil.com.au/Climate-Change-Impact-Series-Tropical-Cyclones-and-Future-Risks) ([insurancecouncil.com.au](https://www.insurancecouncil.com.au)) is the second in the ICA's Climate Change Impact Series, and follows a report released last month on the impact of actions of the sea. The final report in the series on flood impacts will be released in coming weeks.

Quote attributable to ICA CEO Andrew Hall:

At present no region in Australia is uninsurable, however if the severity of extreme weather events increases as predicted it is possible some regions may become difficult to insure in the future.

Australia's modern houses are not resilient to the tropical cyclone hazard of today, and the National Construction Code must consider resilience for all new property construction if we are to keep all of Australia insurable.

Implementation of stronger building codes and retrofitting programs, improved land-use planning, and permanent physical mitigation measures, where necessary, will be key to ensuring an insurable Australia.