



News release

Insurance Council
of Australia

Tuesday, 19 April 2022

Insurance Council welcomes Northern Rivers Reconstruction Corporation

The Insurance Council of Australia (ICA) today welcomed the NSW Government's establishment of a Northern Rivers Reconstruction Corporation to help rebuild regions devastated following the recent floods.

The announcement follows a letter sent to the NSW Premier Dominic Perrottet last week, where the Insurance Council, with the support of other peak industry bodies, outlined the need for an overarching plan for the rebuild process, and the establishment of a high-level cross-sector leadership group.

The Insurance Council has long been calling for governments to do more to reduce flood risk at a community and property level, including changing land use planning arrangements so that no more homes are built on floodplains, and bring down the cost of premiums.

A poll undertaken last month found that an overwhelming 94 per cent of people surveyed say there should be better controls on where homes are built so they are not at risk of flood.

The ICA understands community concerns that the cost of flood cover can be prohibitively high for some who are faced with high flood risk, leading to them to opt out of flood cover altogether.

Data collected from insurers related to last month's flooding in South-East Queensland and Northern NSW, shows that in local government areas with a higher risk of flooding, the percentage of policyholders who made a claim and who have flood cover is lower than in areas with lower flooding risk.

For example, in Lismore the percentage of policyholders who made a claim related to the March flood event who have flood cover is 31 percent, whereas in Ipswich that figure is 69 per cent.

Insurance prices risk, which means that if a property is subject to a high risk of flooding the cost of flood cover will most likely be higher than a property that is not subject to the same risk.

The ICA is encouraged to see actions taken by the NSW Government to better co-ordinate the rebuild and ensure flood risks at a community and property level are addressed.

Quote attributable to ICA CEO Andrew Hall:

This is a very welcomed and crucial next step by the NSW Government. Successful cross-sector co-ordination bodies were established following previous significant disasters such as the 2011 Brisbane floods and after the 2011 Christchurch earthquake.

These included local, government, business, and civil society representatives empowered in making informed decisions on the rebuild and future resilience of the community.

Beyond the immediate clean-up and community recovery, it is clear there are complex issues to work through if we are to ensure the Lismore community is made more resilient to future flood events.

These issues include the construction of community resilience infrastructure such as levees, the future insurability and lendability of homes and businesses, land use planning, land use

decisions by major commercial residents, and building codes and standards.

There are also several more short-term issues that may impact recovery, including the availability and cost of construction labour and materials, the availability of replacement motor vehicles, the availability of temporary accommodation, the availability of data, the impact of cash settlements, and the appropriateness of insurers providing 'like for like'.

We stand ready to work with this new body on all these important issues.