



News release

Insurance Council
of Australia

28 June 2022

2022 flood now third costliest natural disaster ever

New data shows that the destructive flood that swept through South-East Queensland and Northern New South Wales in late February and early March has caused \$4.8 billion in insured damages and is now the third costliest extreme weather event in Australia's history.

Only Cyclone Tracy (1974) and the Sydney hailstorm (1999) caused more insured losses, and this year's East Coast Flood is the costliest flood in Australian history, the Insurance Council of Australia (ICA) said today.

Close to 225,000 insurance claims relating to the event have been lodged across both states, an increase of 3.6 per cent on last month's count.

However, as claims assessments continue to be completed, insurance costs for the event have increased 12 per cent on last month, driven in part by increasing materials and labour costs.

Almost 30 per cent of claims have been closed and \$1.5 billion has already been paid to policyholders.

With almost 125,000 home claims stemming from the 2022 East Coast Floods, local councils need to be preparing for an influx of development applications for the very large number of property rebuilds and repairs required.

This week marked four months since the ICA declared the event an Insurance Catastrophe.

The event stretched over several days and many claims were not made until days, weeks or months after the initial event, with locations like Lismore being hit for a second time at the end of March, generating many new or additional claim lodgements.

The four-month mark is significant because under the General Insurance Code of Practice insurers are required to make a decision on a claim four months after it is lodged.

However, the Code allows for changes to timeframes where they cannot be practically met, for example due to the complexity of the claim or delays in expert reports, such as hydrology and engineer reports.

The ICA has been holding community forums in impacted towns and cities throughout June, which has enabled insurance customers to meet directly with their insurer.

Quote attributable to Andrew Hall, CEO, Insurance Council of Australia:

The sheer scale of the extreme weather event that devastated Queensland and New South Wales is something we have never seen before, and the cost continues to rise.

Money is flowing into these devastated communities with \$1.5 billion already paid and this number increasing every day.

Insurers are working hard to resolve claims as quickly as possible and have put on hundreds of extra staff to support claims processing as delays not only impact the policyholder, in most cases they also add costs to the insurer.

Past experience has shown us that local councils need to be looking at what they can do to process the higher than usual number of development applications we expect to see as a result of this flood.

The time it takes for some property claims decisions to be made has been a consistent issue raised at our policyholder forums in New South Wales and Queensland.

There are clear obligations and regulations on insurers around claims, but ultimately the type of claim, the assessment required and the complexity of the repair or rebuild can impact that process.

Timeframes stipulated in the Code:

- Insurers are obligated provide an update at least every 20 business days after a claim has been submitted.
- A routine enquiry must be responded to within 10 business days.
- Insurers are required to make a decision on a claim within four months of lodgement.
- Changes to timeframes are permitted where they cannot be practically met.

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