



News release

Insurance Council
of Australia

Wednesday, 17 August 2022

Actuaries Institute report supports resilience investment calls

The Insurance Council of Australia (ICA) has today welcomed new analysis and recommendations from the Actuaries Institute on the impact of climate change on home insurance affordability and vulnerability in Australia.

The Green Paper, *Home insurance affordability and socioeconomic equity in a changing climate*, details how climate change is widening the gap in home insurance affordability between average and vulnerable households across the country.

The report identifies that climate change will increase home insurance affordability pressure, with vulnerable policyholders concentrated in northern Queensland, Northern Territory and northern New South Wales.

The report finds that the median Australian household uses 1.1 weeks of gross annual income to pay their home insurance costs, demonstrating that for most insurance is an affordable and important product.

The Insurance Council strongly supports the Actuaries Institute's calls for greater investment in resilience measures to address insurance affordability, as well as for strong collaboration between policymakers to strengthen community infrastructure.

These recommendations are in line with the ICA's report, [Building a More Resilient Australia](#), launched earlier this year which called for a range of measures to better protect households and communities from the impacts of extreme weather and put downward pressure on premiums. These measures included:

- A doubling of Federal funding to \$200 million a year in household retrofits and community protection projects, matched by states and territories
- Better land use planning so no more homes are built in harms' way
- Updating the national building code to including building resilience as a standard
- Removing state taxes and charges on insurance, which numerous inquiries have found to discourage adequate cover by driving up the cost of premiums.

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

This robust report from the Actuaries Institute once again highlights the urgency for all levels of governments to work together to see at risk communities better protected from the impacts of extreme weather.

The affordability of insurance is a critical issue for the Australia's economy, and the Insurance Council and insurers share a commitment to addressing this issue over the short and long term.

If the past few years have taught us anything, it is that extreme weather is having a huge impact on the most vulnerable people in our communities and this is expected to worsen with climate change.

It is critical that we take these reports seriously and see an increase in investment to build stronger homes and local infrastructure, which can have a significant impact on the affordability and availability of insurance in Australia.