



News release

Insurance Council
of Australia

Tuesday, 25 October 2022

Budget lays foundations to improve extreme weather resilience

The Insurance Council of Australia (ICA) said tonight's Budget has laid the foundations for a significant and bold new start to the approach taken by governments to improve community and household resilience to worsening extreme weather.

Tonight's Budget includes a \$22.6 million package of positive measures that include:

- The creation of the Hazards Insurance Partnership, creating a forum for ongoing collaboration and engagement between insurers, government, and other stakeholders to collaborate to reduce extreme weather risk.
- The creation of a national dataset on insurance affordability, underinsurance, and non-insurance issues to help with policy decision making.
- The creation of a mitigation solutions repository to hold proven and reliable mitigation measures that can be deployed as appropriate to reduce risks associated with different perils.
- Scoping work to identify opportunities for public-private partnerships that reduce risk and put downward pressure on insurance premiums.

The package also includes an intent to develop standard insurance definitions for key natural hazards.

Separately, the Budget formalises the Albanese Government's commitment of up to \$1 billion over five years from 2023-24 (up to \$200 million per year) to invest in measures that better protect homes and communities from extreme weather before it happens, through the previously announced *Disaster Ready Fund*.

The Insurance Council strongly supports the Federal Government's intent that this fund is matched by the states and territories.

As the representative body for the general insurance industry in Australia, the Insurance Council has long called for more investment and greater collaboration to better protect Australian communities from the impacts of extreme weather.

Earlier this year, the Insurance Council released *Building a More Resilient Australia*, which called for \$1 billion to be invested over five years by the Federal Government, matched by the states and territories, in projects that make Australians more resilient to floods, cyclones and bushfires.

That report found that if matched by the states and territories, an investment of the size announced tonight would provide a tenfold return to governments and households by 2050.

While it is generally a state responsibility, it's clear that all governments and stakeholders need to collaborate to improve land use planning given the obvious past failures revealed by the numerous floods of the past three years.

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

The Insurance Council welcomes the Federal Government's Budget announcement, which is a historic shift in the right direction to better protect homes and communities from the impacts of extreme weather.

The Insurance Council has been advocating for just such an approach for some time, and the fact that over the past three years insurers have paid out more than \$8 billion in flood claims alone makes this issue and the Government's response even more urgent.

The Government has taken this issue seriously since before coming to office, and the Prime Minister, Treasurer, and Ministers Stephen Jones and Murray Watt are to be congratulated for delivering on this important policy agenda.

Given the impacts of worsening extreme weather that are being felt all over the country, the community expects industry, governments, and stakeholders to work together.

Importantly, tonight's announcement includes the creation of a mechanism to allow that to happen through the Hazards Insurance Partnership.

There is much detail to work out and we look forward to working collaboratively with both the Federal and state governments on this very strong start to solving a long-term problem.