



News release

Insurance Council
of Australia

Thursday March 16, 2023

Insurers seek 10-year rolling program for disaster resilience funding

The Insurance Council of Australia (ICA) calls for the Federal Government to continue funding its Disaster Ready Fund (DRF) past the five-year budgeted commitment to better prepare for and protect Australian communities from worsening extreme weather.

The ICA welcomed the establishment in the October Budget of the DRF, which provides up to \$200 million annually to be invested in disaster mitigation for five years from next financial year.

However, given the impacts of recent extreme weather events and the ongoing threat of climate change, the Insurance Council is calling for this funding to be extended to a 10-year rolling program.

An ongoing DRF would ensure that Australians receive the benefits of resilience and mitigation investment for years to come, and allow governments and communities to plan for long-term projects that put downward pressure on insurance premiums.

To ensure the funding does not fall short in real terms because of rising inflation, the Insurance Council is also calling on the Government to index DRF funding. A 10-year indexed program would cost the budget about \$2.5 billion over the medium term, \$1 billion less than the cost of disaster recovery payments and allowances in 2022 alone.

Detailed in the Insurance Council's pre-budget submission released today are the nine policy areas insurers see as a priority for the Federal Government to put downward pressure on premiums and reduce extreme weather risk for communities, including:

- Finalise the development of a national standard for considering disaster and climate risk in land use planning.
- Funding to support amendments to the National Construction Code to include measures such as standards for resilience in homes and buildings.
- Remove inefficient state taxes on insurance products to improve the availability and affordability of insurance.
- Invest in a robust, national hazards database to better understand risk and how to prepare for it.
- Invest in upskilling tradespeople in the electric vehicle market and support EV charging infrastructure in homes.

The Insurance Council welcomes the opportunity to work with Government through the new Hazards Insurance Partnership and the decision of National Cabinet to task Planning Ministers to develop a national standard for considering disaster and climate risk and Treasurers to consider ways to improve insurance affordability.

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

We don't have to look far in our past to see the impacts of extreme weather and why there is an urgent need for more investment and collaboration in disaster resilience to better protect Australian communities from worsening extreme weather.

Given the long-term challenges of climate change in Australia, investment in disaster resilience will clearly be required well beyond the five years budgeted for Disaster Ready Fund spending.

The Insurance Council is eager to collaborate with the Commonwealth in the Budget to develop further positive policies to improve the affordability and availability of insurance in a changing climate.