



News release

Insurance Council
of Australia

Wednesday 19 April 2023

ICA commissions external review of 2022 flood response

The Insurance Council of Australia (ICA) today announced the appointment of leading consultancy and accounting firm Deloitte to undertake an external review into the insurance industry's response to the 2022 South-East Queensland and Northern New South Wales floods.

The review will look to identify lessons learned from insurers' response to the floods – both from good practice and practices requiring improvement – to better prepare and inform the industry's response to future extreme weather events in a changing climate.

Insurers' response timeframes, resources deployed, claims handling, complaints handling, communication with policyholders, and engagement with stakeholders will all be examined as part of the review.

The review will also examine the impact of regulatory requirements, insurers' interactions with government agencies and their programs and policies, and broader external pressures including supply chain and labour constraints.

The review will involve analysis of insurers' claims and complaints data and include a consultation process with relevant stakeholders, including affected local governments, elected representatives, the Australian Financial Complaints Authority and other regulators, and consumer representatives, to obtain a broad range of views.

As part of the review process, Deloitte will seek feedback with representative groups of affected policy holders in significantly impacted areas and will establish a web portal for individual policyholders to provide their own important perspectives.

The Insurance Council selected Deloitte for the review because of their significant experience across insurance and financial services, including claims and complaints management and responding to crises. The final report including recommendations for insurers and the Insurance Council is expected to be completed by the third quarter of 2023.

Insurance customers have lodged more than 240,000 claims totalling \$5.81 billion as a result of the floods, making it the costliest extreme weather event in Australian history and, according to a report by global reinsurer MunichRe, the second costliest insured event in the world in 2022.

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

As the costliest extreme weather event in Australian history, last year's floods created significant challenges for the insurance industry in addressing the extraordinary volume of claims across a very wide geographic area.

Following three years of La Niña conditions and the COVID-19 pandemic, these floods tested the systems insurers use to respond to customers and raised issues such as a shortage of expert assessors, building labour and materials constraints, and the complexity of recovery and resilience programs delivered by state governments.

With more than 83 per cent of claims now closed, insurers have agreed it is timely to review the industry's response to identify best practice and what could be improved when responding to future extreme weather events.