



News release

Insurance Council
of Australia

Wednesday, 07 June 2023

\$400 million resilience investment marks a new era

The Insurance Council of Australia (ICA) today said the announcement of a \$400 million investment in 187 resilience and mitigation projects marks a new era in protecting communities exposed to extreme weather risk.

The Federal Government's \$200 million Disaster Ready Fund (DRF), matched by states and territories, is an important milestone towards building stronger community resilience to extreme weather and will have an impact on premium pricing and reducing the protection gap.

In a report released last year, *Building a More Resilient Australia*, the Insurance Council identified key projects to make communities more resilient in the face of worsening extreme weather.

Among the projects identified were flood levee design and upgrades and improved hazard data and mapping capabilities, which have been announced in this first round of the DRF.

These, as well as the ongoing coordinated national approach from governments and insurers through the Hazard Insurance Partnership (HIP), will work to lessen the impact of extreme weather.

The damage bill for extreme weather events since the 2019-20 bushfires has now exceeded \$13 billion, including a record year for insurance payouts in 2022, with almost \$7 billion in extreme weather claims.

Given the ongoing threat of climate change, the Insurance Council has called for the DRF to be extended to a 10-year rolling program and for the funding to be indexed so it doesn't fall in real terms.

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.

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

For many years the insurance industry has focused its advocacy on government investment to improve community resilience to worsening extreme weather, and today we are seeing this hard work pay off for Australian communities.

Emergency Management Minister Murray Watt is to be commended for his dedication to see projects identified and funding committed within a year of the DRF announcement, and we thank him for continuing to collaborate with insurers on this important topic.

The cost of worsening extreme weather is impacting the affordability and availability of insurance in some parts of Australia, and we know a key lever to improving insurance outcomes is reducing or mitigating the risk that is present.

The states and territories have a key role to play in reducing risk for communities and so we thank them for matching this first round of DRF funding.

We need to see this same level of funding for at least the next 10 years to ensure that Australians receive the full benefits of resilience and mitigation investment, including stabilising insurance premiums in areas at high risk of extreme weather.