



News release

Insurance Council
of Australia

Monday, 14 August 2023

Actuaries reports bolstering calls for greater resilience investment

The Insurance Council of Australia (ICA) today welcomed two new reports from the Actuaries Institute which identify the impact of extreme weather to help make better decisions to enhance the country's resilience and stabilise insurance premiums.

The reports, *Home Insurance Affordability Update* and *Funding for Flood Costs: Affordability, Availability and Public Policy Options*, explore the events and costs of extreme weather events in 2022 that resulted in almost \$7 billion in insured losses.

Data shows that 2022 was the costliest year on record for Australian insurers, with nearly \$6 billion of insured losses alone resulting from the February and March floods in South-East Queensland and Northern New South Wales – the second-costliest extreme weather event for insured losses globally last year.

The findings amplify the urgency of this issue for governments, and clearly identifies that only government investment and policy intervention to lower risk will help to manage insurance affordability.

The Actuaries Institute reports recommend measures such as ongoing investment in effective risk reduction initiatives, such as enhancing flood mapping and moving people out of harm's way, and reforming insurance-based taxes.

Right now, stamp duty and other state taxes on insurance can add ten to 40 per cent to the cost of a premium depending on the state or territory. NSW is the worst state for insurance taxes, with the additional Emergency Services Levy adding around 18 per cent to home insurance premiums.

The report echoes call from the Insurance Council to reform land-use planning and strengthen building codes so all new homes are built to withstand the impacts of climate change.

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

These two reports from the Actuaries Institute are further proof of the urgency of reducing risk for communities exposed to extreme weather through greater government investment and action.

Insurers understand that people are hurting right now as cost of living pressures weigh heavy on monthly budgets, which is why addressing insurance affordability is a critical issue for our industry.

State governments in particular can provide immediate relief on insurance costs by reforming their insurance taxes.

With responsibility for land use planning, state governments must also urgently change our approach to what we build and where we build it so future homeowners are not left stranded without insurance cover.