



News release

Insurance Council
of Australia

Wednesday, 13 September 2023

New data shows historic catastrophes would have greater impact today

New data released by the Insurance Council has revealed that the cost of both the 1999 Sydney Hailstorm and Cyclone Tracy would far outstrip last year's record-breaking flood if they happened today.

- The Sydney Hailstorm, which caused \$1.7 billion in insured losses when it rained cricket-ball-sized hailstones on the city in April 1999, would result in an **estimated \$8.85 billion** in insured losses if it happened in 2023.
- Cyclone Tracy, which killed 71 people and caused \$200 million in insured losses when it struck Darwin on Christmas Eve 1974, would cause an **estimated \$7.4 billion** in insured losses in 2023.
- The 2022 South-East Queensland and New South Wales Floods **cost \$6 billion** in insured losses and remain the costliest extreme weather event in our history.

The new data, calculated by Australian catastrophe modelling firm Risk Frontiers, uses methodology that normalises the losses of past insurance catastrophes to account for inflation, changes in property numbers and values, and stricter building codes, enabling insurers, reinsurers, governments, and other policymakers to better understand the likely impact of future extreme weather events.

The changes in estimated insured losses for the historic events is due to the increase in people and property across Australia, particularly in large population centres, underscoring the need for greater investment in measures to make at-risk communities more resilient to extreme weather.

Risk Frontiers has also provided updated data on historic insurance catastrophes adjusted for inflation only, allowing a comparison of actual insured losses from events over the last half century.

The new data is included in the ICA's annual *Insurance Catastrophe Resilience Report*, which also examines the most pressing issue currently facing the Australian insurance industry and its customers – affordability and availability – and the clear link between risks and costs.

The report calls for increased investment in resilience and mitigation measures as part of an ongoing program to reduce risk and cost pressures, the end of development on floodplains, the broadening of home buy-back schemes to move people out of danger, improved building codes to make buildings more resilient, and reform of state taxes on insurance products to provide immediate cost relief.

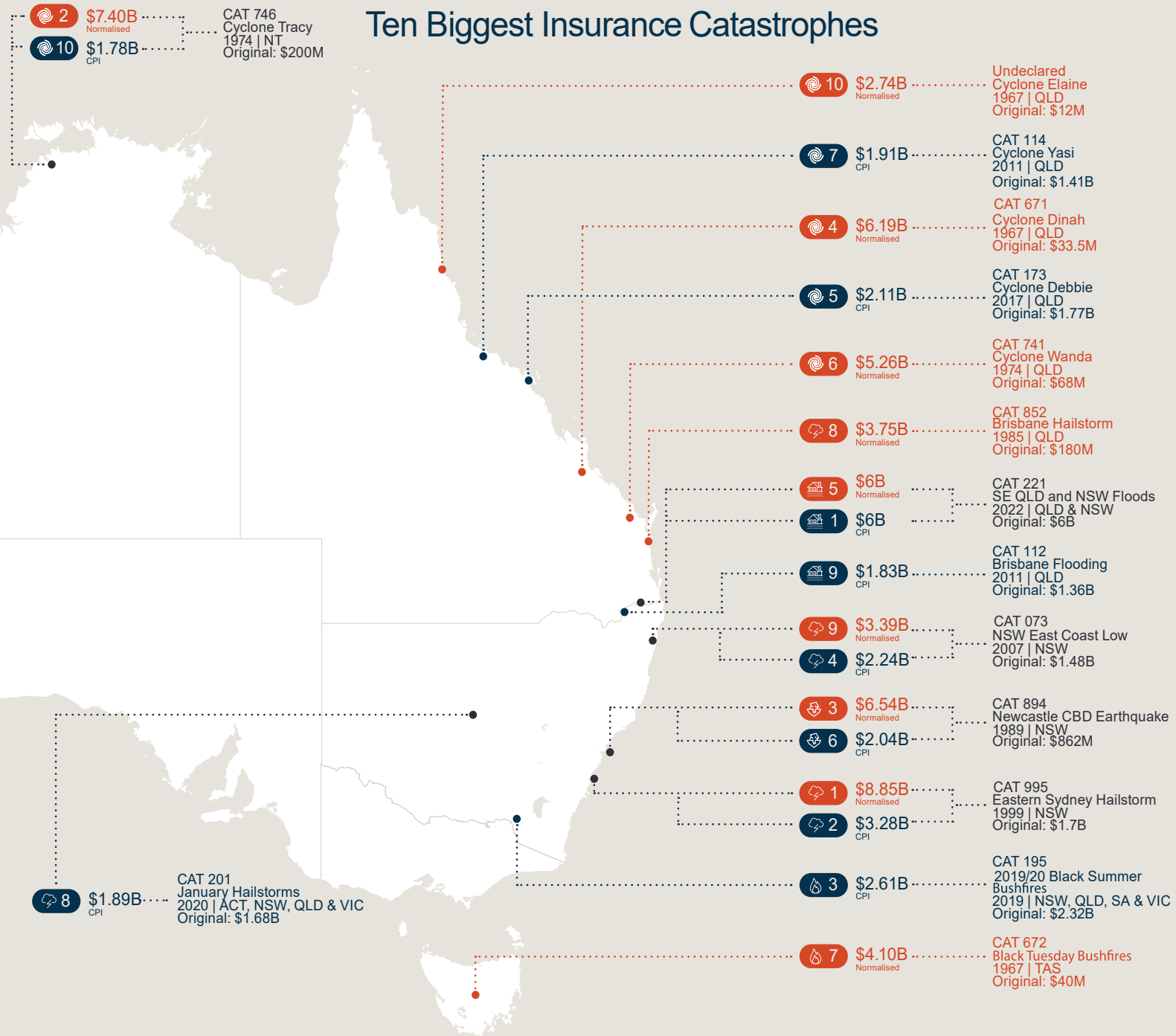
Comment attributable to Insurance Council of Australia CEO Andrew Hall:

The financial impact of insurance catastrophes over the past 12 months was around one fifth of the cost of the previous record-breaking year, but more benign weather conditions should not provide false hope that the issues of worsening extreme weather risk have gone away.

This new data shows that when – not if – extreme weather events strike large population centres in the future we can expect them to have a greater impact and be more costly, making the case for risk mitigation even more pressing.

We can't wait until disaster strikes, we need to act now by investing more to make communities more resilient, reform land-use planning and building codes and, in some cases, move people and homes out of danger altogether.

Ten Biggest Insurance Catastrophes



● Top 10 past catastrophes normalised to 2023 values
● Top 10 past catastrophes adjusted for inflation