



# News release

Insurance Council  
of Australia

Friday, 15 September 2023

## Insurance Council launches report to tackle nature risk

The Insurance Council of Australia (ICA) today launched a new report outlining the important role insurers can play in managing and reducing risk in the natural environment.

The report, [Valuing Nature for a Resilient Future](#), was undertaken by EY for the ICA, and details emerging insurance products and solutions that help protect Australia's landscape from climate impacts.

Extreme weather events and biodiversity loss have been identified by the World Economic Forum as two of the top four global risks over the next decade.

The report identifies that failure to manage these risks comes with considerable costs to local and global economies, with more than half of the world's economic output – US\$44 trillion – highly or moderately dependent on nature.

This is important for the insurance industry because environmental degradation can lead to increased underwriting and investment risks as assets are less resilient to severe weather events, putting upward pressure on premiums and increasing claims.

The report outlines a number of ways insurers can help to protect the natural environment, including:

- Developing insurance products that protect natural assets like coral reefs and coastal defences.
- Investment in natural resilience solutions, such as a wetland restoration and reforestation.
- Working with governments and other stakeholders to develop and implement policies that protect nature.

The report also outlines how insurers' innovative work can align with the global reporting framework for nature-related financial disclosures.

This framework will help to ensure that businesses and investors are aware of the risks associated with nature loss and the opportunities arising from products that protect nature.

This report builds on the release of the Insurance Council's landmark climate change roadmap, [Towards a Net Zero and Resilient Future](#), which outlined the way insurers can achieve net zero emissions for their operations by 2030 and across the entirety of insurers' activities by 2050.

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

This report is an important tool for the insurance industry in outlining the risks to Australia's natural environment and shows that insurers have a critical role to play in protecting nature and in turn protecting their customers.

Underwriting and investing in nature can play a key role in building resilience to climate change in landscapes and communities.

Nature-based mitigation solutions like reforestation and wetlands restorations can be used to reduce the incidence and impact of flooding, landslides, and other disasters.

Where initiatives like these serve to reduce risk, they also serve to better protect communities and ultimately moderate rising pressure on insurance premiums.