



# News release

Insurance Council  
of Australia

Monday, 21 October 2024

## Commonwealth insurance peaks collaborate on global insurance protection gap

The peak bodies representing personal and business insurers in the United Kingdom, Canada, Australia and New Zealand have called on Commonwealth leaders at this week's Commonwealth Heads of Government Meeting (CHOGM) in Samoa to discuss worsening extreme weather and its impact on national economic and community resilience across the Commonwealth.

The Association of British Insurers (ABI), the Insurance Bureau of Canada (IBC), the Insurance Council of Australia (ICA), and the Insurance Council of New Zealand (ICNZ), have jointly written to the Prime Ministers of their respective nations calling for the issue to be put on the agenda as part of the Commonwealth Business Forum on 23 and 24 October.

This followed a Global Insurance Protection Gap Forum held in Sydney, Australia on Friday 18 October involving the four leaders of the ABI, IBC, ICA, and ICNZ, along with insurers, Australian government representatives, and regulators.

The four associations collectively represent insurers writing approximately US\$200B in gross annual premium, with their members playing an essential role in enabling individuals, communities and businesses to recover from the unexpected and reduce risk across the economies in which they operate.

Operating in Commonwealth nations, the four organisations and their members face similar regulatory, political, and financial environments, with their governments and regulators having similar tools at their disposal to implement solutions.

The Global Insurance Protection Gap forum agreed that:

- As extreme weather intensifies, populations expand and more homes are put in harm's way, the insurance protection gap will widen.
- Flood risk is often concentrated in particular areas, but the widespread nature of flood risk is going to increase.
- Governments and insurers have a critical opportunity to collaborate across global markets to build a shared view of current and future hazard risk.
- We must stop locking further risk into our economies by building homes in the wrong places.
- Applying excessive taxes and levies to insurance premiums can directly affect the affordability of insurance coverage.

(Letter attached)

Comment attributable to Hannah Gurga, Director General, Association of British Insurers

Our changing climate represents a real and growing threat to our resilience as a nation and globally. The UK led the way with the creation of Flood Re, which has helped keep insurance accessible for hundreds of thousands of homes. We are now at a crossroads, with a new government in post and a review of the planning system underway. It's vital that decisions are taken for the long-term and made for the benefit of all. That's not just investing in flood

defences but also changing where and how we build. Action is needed now, not in the future when the challenge will be ever greater.

Comment attributable to Celyeste Power, President and CEO, Insurance Bureau Canada

In the span of just five weeks this past summer, Canada saw five natural catastrophes: three major floods, a devastating wildfire, and a destructive hailstorm resulting in \$7 billion of insured losses.

This isn't an anomaly. It isn't bad luck. It's part of an escalating trend of severe weather events that is making Canada a riskier place to live, work and insure.

I know Canada is not facing these challenges alone and I join with my colleagues in Australia, New Zealand and Britain in our call for meaningful action to reduce the growing physical and financial risks our citizens are facing.

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

More frequent and intense disasters, coupled with ongoing development of areas at high risk of extreme weather and growing asset values, are widening the gap globally between those who can afford insurance in high-risk areas and those who can't – often leaving society's least wealthy unable to rebuild and recover when disaster strikes.

As the bodies representing personal and business insurance providers in the United Kingdom, Canada, Australia and New Zealand, we have a unique perspective on this issue.

Insurers remain steadfastly committed to the policies of derisking as the only sustainable way to reduce the pressure on premiums and close the protection gap: better planning so no more homes are built in harm's way, stronger buildings that are better able to withstand extreme weather, greater investment in public infrastructure to better protect communities, and an ongoing program of home buybacks where no other mitigation is possible.

Comment attributable to Kris Fafoi, CEO, Insurance Council of New Zealand

Our nations share a common history and a future challenge with climate change. By working closely together our insurance representative bodies are committed to doing their bit to help reduce risk from natural hazards and protect our families and communities.

By reducing the protection gap we keep communities safe, reduce the costs to taxpayers and ratepayers and maintain insurance capacity and affordability.

Just last year New Zealand experienced just how devastating severe weather events can be on lives, livelihoods and communities. There is much to be gained by working together on these issues across the UK, Australia, Canada and New Zealand through policy work, relationships and our responses to natural disasters.

Insurers stand ready to work with their own Government's and across jurisdictions to proactively protect the things we hold dear, our communities and our countries now and into the future.