



Insurance Council
of Australia



Initial Industry Response

The General Insurance Code of Practice Independent Review and the 2022 Flood Inquiry Recommendations

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Executive summary

The Insurance Council of Australia (Insurance Council) welcomes the House of Representatives Standing Committee on Economics' inquiry report 'Flood Failure to Future Fairness' (the Inquiry Report), which examines the response of insurers to the 2022 major floods. The Inquiry Report concluded that, while most claims arising from these floods were handled well, too many were not.

The Inquiry Report contains 86 recommendations seeking improvements to customer treatment, insurer processes and products. The industry strongly supports the intent of the Inquiry Report's recommendations which seek to put downward pressure on premiums, improve the customer experience and safeguard communities from future extreme weather events.

The scale and intensity of catastrophic weather events are becoming more frequent, requiring insurers to respond and adjust quickly. Insurers have acknowledged the failures of systems, processes and resourcing to respond to successive catastrophic events, such as that experienced during the 2022 major floods.

Between 22 February and 9 March 2022, the flooding in South East Queensland and New South Wales cost \$6 billion in claims, making it the costliest Australian insured event in history.¹ The four flood events within scope of the Inquiry Report saw more than 305,000 claims and \$7.7 billion in incurred losses. The general insurance industry saw unprecedented volumes in claims, which overwhelmed systems and staff, impacting insurers' abilities to respond effectively to customer needs.

Insurers have apologised to those customers that were let down and the sector has taken steps to address many of the issues identified in the Inquiry Report to improve the customer experience and better prepare for future catastrophic events.

Some of the key steps taken include:

- Reviewing the Code of Practice: the initial report for the independent review of the General Insurance Code of Practice ('the Code review report') was released in September 2024², with the final report expected in December 2024.
- The Deloitte Report: the industry commissioned a report into the largest of the 2022 floods, with a follow-up progress report to be released.³
- Hazard Insurance Partnership: partnership between the Australian Government and industry to build community resilience.
- Disaster Response Coordination: building local government capacity and improving disaster response coordination.
- Disaster Preparedness: working to improve the preparedness of insurers to respond to natural disasters.
- Improving customer understanding: including work to introduce standardised 'maintenance' and 'wear and tear' clauses across retail home insurance policies.
- Industry guidance on the use of expert reports
- Industry understanding of vulnerability: including work to develop an industry-wide understanding of customers experiencing vulnerability.

¹ Deloitte. (2023). [The new benchmark for catastrophe preparedness in Australia](#). Deloitte

²Independent Code of Practice Review Panel (2024). [Independent Review: Initial report](#). Independent Code of Practice Review Panel

³ Ibid.

The scale and complexity of the Inquiry Report's recommendations and their interaction with the recommendations in the Code review report recommendations, requires the Insurance Council to respond to both reviews collectively and in a phased manner.

This approach means the industry can respond and take action now on an initial tranche of recommendations, and provides time to work collaboratively to consider more complex recommendations.

As part of this initial response, the Insurance Council and its members either support or are willing to work with others to implement 78 recommendations across the Code review report and the Inquiry Report.

These recommendations for industry focus on improvements to products and processes which have the potential to deliver the most significant consumer benefits, whilst retaining the flexibility for individual insurers to continue to offer choices to customers and pursue product innovation. This initial response focuses on collective industry action, where possible within the bounds of Australian competition law.

The Insurance Council is actively reviewing the remainder of the recommendations.

For more complex recommendations, such as those which may have implications on the affordability of insurance, the industry will work closely with the Australian Government, regulators and consumer groups to understand the issues and collaborate on effective solutions, to achieve better outcomes for consumers.

The recommendations accepted by the industry in this initial response are set out in **Annexure A**.

Our reform landscape

The insurance industry is making improvements to address the shortcomings identified in the 2022 flood response

What brought us here?

The general insurance sector is experiencing several pressures and structural changes caused by macro-economic shifts, and the changing climate. These challenges are putting upward pressure on premiums and forcing insurers to rethink their product offerings, and how they interact with customers as well as review their systems and processes.

Our changing climate is increasing the frequency and severity of extreme weather events, which is driving up risk in parts of Australia and increasing insurance costs. This is contributing to a widening of the gap between those who can afford insurance in high-risk areas and those who cannot, often affecting Australia's most vulnerable. It is testing insurers' systems to be able to scale up to respond to large scale disasters.

The Inquiry Report highlights the shortcomings of insurers' systems, processes and products to meet customer expectations and needs during the 2022 floods, especially for customers experiencing vulnerability.

Over the past 30 years in Australia, insurers have paid an average of \$2.1 billion annually to customers affected by extreme weather events.

Over the last five years, this figure has more than doubled to an average of \$4.5 billion a year.⁴

If emissions continue to climb and appropriate resilience measures are not put in place, climate-related extreme weather events could cost Australian households \$35.2 billion a year in direct economic costs by 2050.⁵ This will further strain the ability of insurers to meet customer needs affected by disasters, while keeping premiums down.

The rising costs of assets and inputs is making premiums more expensive and leading to underinsurance. Many Australians affected by the 2022 floods were under-insured and unable to obtain enough support. The inflation experienced in the housing construction sector in recent years, combined with skills shortages, has made rebuilding disaster affected areas a costly and lengthy process.⁶

The Inquiry Report reflects the need for insurers to increase the scope and flexibility of their products to manage these risks and meet customer needs in the most extreme circumstances. Given the negative experiences of many during the 2022 flood response, the Inquiry Report explores options to improve dispute resolution processes to restore confidence with consumers.

⁴ Insurance Council of Australia. (2024). [Insurance Catastrophe Resilience Report 2023-2024](#). Insurance Council of Australia

⁵ McKell Institute. (2022). [Insurance Catastrophe Resilience Report 2021-22](#). Insurance Council of Australia

⁶ Australian Bureau of Statistics. (2024). [Producer Price Indexes, Australia](#). Australian Government

In addition to the Inquiry Report, several reports produced by government and non-government bodies have examined the challenges faced by the insurance industry. The reoccurring themes consistent with the Inquiry Report's findings include:

- Improving customer experience and outcomes, especially when recovering from natural disasters;
- Improving customer understanding of their rights and obligations;
- Closing the protection gap for Australian households;
- Investing in mitigation and resilience to reduce risk; and
- Improving the integrity of and trust in the insurance industry.

The industry is making improvements

The general insurance industry recognises that it must keep pace with emerging risks and changes in consumer needs. The Insurance Council and its members are working on changes to help manage pressures on premiums, improve policy coverage, enhance the customer experience, improve outcomes, and enhance trust in the industry.

Review of the General Insurance Code of Practice

The Inquiry Report makes 24 recommendations to change the General Insurance Code of Practice (the Code). The Code sets the standards expected of insurers in providing services to their customers. It also sets out timeframes for insurers to respond to claims, complaints and requests for information from customers.

The Code is voluntary, however all members of the Insurance Council who sell products covered by the Code, must subscribe to it. There are currently 44 organisations who are subscribers to the Code.

Code subscribers can be penalised for breaches of the Code, which is enforced by the independent General Insurance Code Governance Committee (the GI CGC).

The initial Code review report⁷ was released in September 2024, making 101 recommendations to update the Code.

The Code review report recommendations cover the following categories:

- Financial hardship
- Customer Vulnerability
- The Code and the law
- Processes, complaints and third parties
- Emerging issues; and
- Code structure, enforceability and governance.

The final report of the review of the Code will be released in December 2024. It is anticipated that this report will not make any changes to the recommendations from the initial Code review report but will include further comments and observations on the recommendations in the Inquiry Report that are relevant to the review of the Code.

⁷ [Ibid](#)

The Deloitte Report

The Insurance Council commissioned Deloitte to undertake a comprehensive review of insurers' response to the 2022 floods. The Deloitte Report presented seven recommendations for improvement which the Insurance Council accepted in principle. These related to preparedness, customer experience, resourcing, operational response, governance and transparency, and coordination with government.

The findings of the Deloitte Report were referenced in the Inquiry Report and a follow up report on progress will be released.

Improving preparedness of insurers to respond to disasters

In response to recommendations of the Deloitte Report, the Insurance Council is developing an Insurance Industry Extreme Weather and Disaster Charter (the Charter) and accompanying Playbook. The Charter outlines principles and key actions that need to be taken for disaster preparation, response, and recovery.

The Insurance Council has further released an Industry Talent Roadmap which sets out a comprehensive six-year strategy to attract and retain talent in the general insurance sector.

Strengthening the workforce will help insurers be adequately resourced during disasters and provide better customer support.

Improving customer understanding

The Inquiry Report highlights the importance of consumers understanding their rights and product coverage. The Insurance Council is exploring what standardised 'maintenance' and 'wear and tear' clauses across retail home insurance policies could look like. The adoption of standard clauses generally requires regulatory approval from the Australian Competition and Consumer Commission (ACCC). If an application is made by the Insurance Council and approval is granted, these standardised clauses will be incorporated into the home insurance product disclosure statements (PDSs) of insurers, accompanied by a public education program.

Industry best practice standard on the use of expert reports

The Inquiry Report comments on the use of expert reports in decision making and communicating findings to customers. Following feedback from the Australian Financial Complaints Authority (AFCA), the GI CGC, and consumer advocates, the Insurance Council published an Expert Reports Best Practice Standard (the Standard) on 16 August 2024.⁸ The Standard sets out expectations for general insurers' commissioning and use of expert reports.

Establishing an industry-wide understanding of vulnerability.

Critically, the Inquiry Report highlights inconsistencies in how insurers support customers experiencing vulnerability. In 2025, the Insurance Council will work with members to develop an industry wide understanding of vulnerability, acknowledging that, as customers interact with insurers throughout their insurance journey, there may be many touchpoints that can create, mitigate or exacerbate vulnerability. This work will inform how to approach inclusion and customer vulnerability beyond the legislative and the Code requirements.

⁸ Insurance Council of Australia. (2024). [Expert Reports Best Practice Standard](#). Insurance Council of Australia.

Working with others

Building resilience with the Hazard Insurance Partnership

A number of the Inquiry Report recommendations direct the Australian Government to invest in resilience measures to protect people from harm. The general insurance industry and Government are working together to build a shared view of high-risk areas around the country, coupled with an understanding of areas experiencing affordability pressures, to help identify the resilience investment required to mitigate underlying risk and assist in moderating insurance premiums.

Insurers, in partnership with the Resilient Building Council (RBC), are incentivising consumers to make their homes more resilient by providing premium reductions to those who use the RBC app to understand their risk and make their homes more resilient to bushfire.⁹

Building local government capacity and improving disaster response coordination

Using the lessons learnt from the 2022 floods, the Insurance Council is developing flood guidance materials for councils to support them in their conversations with flood exposed communities. In 2025, the Insurance Council will also develop a comprehensive local government engagement plan which will foster stronger, and safer communities, better equipped to prepare, respond and recover from natural disasters. This should improve disaster response coordination in the future.

⁹ [Resilient Building Council app](#)

Appendix A: Initial industry response to the Inquiry Report and Code review report

Initial response to the Inquiry Report

The general insurance industry strongly supports the intent of the Inquiry Report's recommendations which seek to put downward pressure on premiums, improve the customer experience and safeguard communities from future extreme weather events.

Australians are experiencing a cost-of-living crisis which is widening the protection gap, leaving some of the most vulnerable people underinsured. Many of the Inquiry Report's recommendations require action from the Australian Government with an aim to improve resilience measures, disaster response support and mitigation planning.

The Insurance Council is committed to working collaboratively with governments across all levels to proactively respond to current and future risk and continue to put downward pressure on premiums. The removal of state insurance taxes, ongoing government investment in resilience and mitigation, and changes to planning arrangements to stop development on floodplains will be critical to achieving these outcomes.

Some of the recommendations from the Inquiry Report are complex and range from administrative amendments to more systemic changes that require time to consider.

As part of this initial response, the Insurance Council and its members support 37 recommendations from the Inquiry Report that we are prioritising now. These recommendations are outlined in Table 1. The industry will commence or continue to progress action on these recommendations, as well as work with governments and other relevant parties.

These recommendations focus on improvements to products and processes which have the potential to deliver the most significant consumer benefits, whilst retaining flexibility for individual insurers to continue to offer choices to customers and pursue product innovation. This initial response focuses on collective industry action, where possible within the bounds of Australian competition law.

The recommendations have been considered within the context of the Inquiry Report investigating the experience of customers who have purchased retail insurance products. As a result, it focuses on retail services and product lines.

Initial response to the Code review report

As part of this initial response, the Insurance Council and its members also support 41 recommendations from the Code review report that we are prioritising now. These recommendations are outlined in Table 2. The industry will commence or continue to progress action on these recommendations, as well as work with governments and other relevant parties.

The acceptance of the Code review report's recommendations does not pre-empt any detail that will be worked through in the drafting process. In addition, the Code review report's recommendations are supported within the scope of the Code's current application to retail and wholesale insurance products and definitions of retail and wholesale insurance. However, in redrafting the Code the Insurance Council will consider how the Code's current protections applying to small business can be enhanced.

The Insurance Council will begin redrafting of the Code in the first half of 2025 and after a consultation process with stakeholders will be submitted to the Australian Securities and Investments Commission (ASIC) for approval.

Response to remaining recommendations

The Insurance Council is actively reviewing the remainder of the recommendations with a focus on ensuring that the changes are proportionate to the problem being addressed, do not constrain competition, allow flexibility, and promote innovation. These elements are critical in continuing to place downward pressure on premiums.

For more complex recommendations, such as those which may have implications on the affordability of insurance, the industry is working closely with the Australian Government, regulators and consumer groups to understand the issues and collaborate on effective solutions, and explore alternative actions, to achieve better outcomes for consumers.

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>1. The Committee recommends the Australian Government define the following terms in the Insurance Contracts Act 1984:</p> <ul style="list-style-type: none"> • All major forms of water damage, including “rainfall runoff”, “storm surge”, “tidal surge” and “riverine flood”. • Key terms relating to exclusions relating to the maintenance of the property including “wear and tear” and “lack of maintenance”. • The Committee recommends that the Insurance Council of Australia accelerate its work with the Australian Competition and Consumer Commission in developing and approving the standardising of these terms and that consumers be provided with greater clarity in relation to the meaning of “pre-existing defect and/or damage”. 	<p>The Insurance Council welcomes the opportunity to work with Australian Government on this recommendation.</p> <p>The Insurance Council is continuing its work in relation to the standardisation of maintenance/wear and tear clauses, which if progressed will be subject to regulatory approval by the ACCC.</p>
<p>2. The Committee recommends that:</p> <ul style="list-style-type: none"> • the Australian Government legislate a requirement for general insurers to provide policyholders with information regarding insurers’ expectations of policyholders conducting “reasonable maintenance” to their property and the potential consequences for claim outcomes if a reasonable level of maintenance is not undertaken, and • the Insurance Council of Australia in conjunction with the Australian Securities and Investments Commission and key consumer group representatives develop clear guidance regarding ‘reasonable maintenance’ across insurers, including for roofs, gutters, fences and stumps. 	<p>The Insurance Council welcomes the opportunity to work with Australian Government on this recommendation.</p> <p>As part of the work in relation to the standardisation of maintenance wear and tear clauses the Insurance Council is already developing a public education campaign to provide information on the things consumers should do to maintain their property. The Insurance Council will also engage with ASIC and key consumer groups on the development of further guidance that will sit separate to Product Disclosure Statements. This work is being conducted in accordance with competition law.</p>
<p>4. The Committee recommends that the Australian Government consider amending Sections 46 and 54 of the Insurance Contracts Act 1984 so as to better give effect to the original intent of the provisions. This could reduce unintended, arbitrary divergences in claims outcomes based on wear and tear and maintenance exclusions at odds with reasonable consumer understanding of their coverage.</p>	<p>The Insurance Council looks forward to working with the Australian Government on any amendments to the <i>Insurance Contracts Act 1984</i>, in alignment with existing legislation.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>8. The Committee recommends that the General Insurance Code of Practice be amended to require that insurers implement mechanisms to:</p> <ul style="list-style-type: none">periodically review the evidence relied upon to deny a claim based on lack of coverage under the policy or the application of an exclusion, where a hydrology and other expert report is one component of the evidence, to determine whether reports with insufficient evidence are being given too much weight in the decision to deny the claimcommunicate the level of quality expected by insurers to third parties providing expert reports, andmore effectively identify concerns with, and provide feedback to, external experts.	<p>Agree in principle, noting each insurer has internal quality control processes that apply to third parties and insurers can use the ICA's <i>Use of Expert Reports: Industry Best Practice Standard</i>.</p>
<p>12. The Committee recommends that the General Insurance Code of Practice be amended to require insurers, when offering a final cash settlement, to:</p> <ul style="list-style-type: none">Advise the consumer to obtain legal advice in relation to a final cash settlement;Advise the consumer of their rights to reopen a final cash settlement under the General Insurance Code of Practice and any rights they may have in respect of common law;Refer the consumer to community legal advisers and financial counsellors in the local area.	<p>Agree in principle, noting ASIC is best placed to provide consumers advice on their rights under the <i>Corporations Act 2001</i> and common law.</p> <p>Insurers provide a cash settlement fact sheet as required by the <i>Corporations Act 2001</i>. The Insurance Council looks forward to working with ASIC and consumer advocates to update to the fact sheet.</p>
<p>14. The Committee recommends the General Insurance Code of Practice be amended to allow policyholders to have a 12-month period to seek a review of a final cash settlement where there is a change in the facts upon which the decision was made.</p>	<p>Agree with the intent, noting consumers already have rights to reopen cash settlements. The Insurance Council will work with ASIC to determine the best avenue to inform and provide clarity to consumers of these rights.</p>
<p>15. The Committee recommends that the General Insurance Code of Practice prohibit the use of the terms "without prejudice" or "confidential" (or other misleading terms) on final cash settlement offers. This could be supplemented by regulatory guidance by the Australian Securities and Investments Commission.</p>	<p>Agree in principle, noting that such terms can be used to provide clarity for consumers to settle disputes, consistent with AFCA's approach to terms of settlement.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>24. The Committee recommends that the General Insurance Code of Practice be amended to require that insurers, at policy commencement and renewal, communicate key information on the consumer's policy, including:</p> <ul style="list-style-type: none">• A clearly highlighted plain English explanation of common obligations policyholders have under their policies and the application of certain exclusions if they are not undertaken, and• general advice in relation to property maintenance and the expectations of the insurer regarding key aspects of the property such as roofs, gutters and fences, and• general information around the calculation of a policyholder's sum insured and factors a policyholder may wish to consider to ensure full coverage in a total loss event.	<p>Agree in principle, noting that this information is largely provided by insurers in fact sheets and other information available on their websites. Information is also made available by insurers about sum insured calculators.</p> <p>Consideration will be required of the Australian Government's proposals in the 'Delivering Better Financial Outcomes' reforms.</p>
<p>28. The Committee recommends that all large insurers commit to having a physical presence at major emergency hubs in affected communities as soon as possible following a natural disaster.</p>	<p>Agree in principle, noting it is existing practice that following a catastrophe declaration by the Insurance Council, the Insurance Council coordinates its members to have a physical presence in recovery centres/hubs/places (excluding evacuation centres).</p> <p>Industry will only enter a disaster affected zone when emergency services deem it safe, and how long they stay is dependent on community need. The Insurance Council also coordinates and facilitates community engagements such as town halls and one-on-one consultations throughout the recovery process.</p>
<p>32. The Committee recommends, in alignment with recommendation 3 of the 2023 Deloitte report, that insurers be required to build into their staff resourcing plans, strategies to adequately increase resourcing for key services, including call centre and claims management staff, when significant or catastrophic events occur.</p>	<p>Agree. Some insurers have already implemented this.</p>
<p>36. The Committee recommends that insurers invest in their IT systems to improve the storage of policyholders' key documentation and case notes, including correspondence and discussions. Case managers should also be suitably trained and resourced to implement quality record-keeping.</p>	<p>Agree in principle, noting that any required investments will differ depending on each insurer, with some insurers already investing in their systems since the 2022 floods.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>37. The Committee recommends that the Australian Securities and Investments Commission review how insurers are identifying vulnerable policyholders with a view to ensuring vulnerable policyholders are:</p> <ul style="list-style-type: none">• consistently being identified when they make a claim;• being identified in numbers commensurate with their prevalence; and• provided with appropriate support throughout the claims process.	<p>The Insurance Council welcomes the opportunity to work with ASIC on this recommendation. In 2025, the Insurance Council will work with members to develop an industry wide understanding of vulnerability.</p>
<p>43. The Committee recommends that insurers put in place strategies to ensure their internal dispute resolution teams will be appropriately resourced and trained to respond to future significant natural disasters, and able to critically analyse expert reports and investigate the circumstances of the claim.</p>	<p>Agree.</p>
<p>44. The Committee recommends that insurers improve their processes to facilitate the escalation of cases that remain unresolved after 12 months to a more experienced case manager.</p>	<p>Agree.</p>
<p>45. The Committee recommends that all insurers create a role for a ‘consumer advocate’ which has oversight of and, where appropriate, involvement in, the disputes managed within the firm, cases that have moved to the Australian Financial Complaints Authority (AFCA), and claims which have taken a long period of time to resolve. The consumer advocate should report to the Chief Executive Officer quarterly and the Board each year and provide a summary of the activities of the office over the preceding 12 months including a summary of cases where the consumer advocate was involved, the disputes that went to AFCA and the firm’s overturn ratio, and where long delays occurred before the case was resolved (longer than 12 months).</p>	<p>Agree in principle, noting each insurer will determine the method to implement this role within their own internal dispute resolution processes.</p>
<p>46. The Committee recommends that the Insurance Council of Australia seek to have the General Insurance Code of Practice approved by the Australian Securities and Investments Commission after implementing any recommendations of the Independent Review of the 2020 General Insurance Code of Practice.</p>	<p>Agree.</p>
<p>58. The Committee recommends that insurers report case management key performance indicators to the Australian Securities and Investments Commission</p>	<p>Agree. The Insurance Council looks forward to working with ASIC to establish common definitions of data points to be collected.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>62. The Committee recommends that the Australian Government work with state and territory governments to ensure flood maps are produced to a high standard across the nation, regardless of the size of the local government area producing the modelling. This may require:</p> <ul style="list-style-type: none">• increased funding for local government areas and water authorities, and• the development of agreed standards to ensure that flood mapping is completed to at least an agreed minimum standard. <p>That, over time, this higher quality flood modelling be made freely accessible to homeowners and the general public along with easy-to-understand information about flood risk exposures at each property. This may be best undertaken in the first instance by local councils and/or water authorities responsible for generating the flood modelling, consistent with Recommendation 3 of the Actuaries Institute’s Funding for Flood Costs report (August 2023).</p>	<p>The Insurance Council welcomes the opportunity to work with the Australian Government on this recommendation.</p> <p>The Insurance Council supports increased funding to local government to enable them to update hazard mapping, such as flood mapping, in order to provide an accurate view of current and future risks. The Insurance Council is working with the Federal Government via the Hazard Insurance Partnership to build a consistent view of current and future hazard risk and is contributing to the development of the National Disaster Risk Profile led by the National Emergency Management Agency.</p>
<p>63. The Committee recommends that the Australian Government ultimately move towards a national, centralised, public-facing portal containing flood risk data at the household level for:</p> <ul style="list-style-type: none">• all households and small businesses across Australia, and• all land being considered for release for development and all land that has been released for development, but not yet developed. <p>Agencies tasked with developing the portal should reflect upon governments’ past efforts to develop similar portals and lessons learnt. The portal should be easily accessible, user friendly and display high-quality flood risk information in a way that is readily understandable to communities. That before data is released on such a portal for existing properties (residential and small business), that the entity creating the flood study release that data through a staged process involving appropriate community consultation and engagement.</p>	<p>The Insurance Council welcomes the opportunity to work with the Australian Government on this recommendation. The Insurance Council supports publicly available hazard data as it has a critical role in improving and standardising the collective understanding of climate risk and how to mitigate it.</p>
<p>64. The Committee recommends that the Australian Government commission research into effective ways of communicating flood risk to communities. The research may explore communities’ understanding of the Average Recurrence Interval, categories such as High, Medium or Low flood risk, and the Annual Exceedance Probability percentage. The research should be used to establish standard best-practice communication strategies for local governments and other stakeholders in communicating flood risk to communities.</p>	<p>The Insurance Council welcomes the opportunity to work with the Australian Government on this recommendation and supports ongoing collaboration via the Hazard Insurance Partnership.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>65. The Committee recommends that the Australian Government continue to work with the insurance industry through the Hazards Insurance Partnership to collate:</p> <ul style="list-style-type: none"> • data contained in the National Flood Information Database, and • household-level data held by insurers (de-identified where appropriate). 	<p>The Insurance Council welcomes the opportunity to work with the Australian Government on this recommendation. The Insurance Council strongly supports ongoing collaboration via the Hazard Insurance Partnership and using data effectively to address affordability and risk mitigation.</p>
<p>66. The Committee recommends that the Australian Government continue to work with the states and territories through National Cabinet to ensure that disaster and resilience funding, and non-financial support, are accessible and adequate for all councils, particularly smaller councils.</p> <p>The Committee recommends that the Government work with the states and territories through National Cabinet to ensure more disaster support can be triggered at the sub-Local Government Area level when needed.</p>	<p>The Insurance Council welcomes the opportunity to work with the Australian Government on this recommendation. The Insurance Council continues to advocate for adequate disaster resilience funding and will support the Government where needed.</p>
<p>67. The Committee recommends a more flexible approach to post-flood grant arrangements, to expand eligibility to include some insured people, including:</p> <ul style="list-style-type: none"> • The Australian and state governments, in consultation with local governments and the insurance industry, make design, implementation and communication improvements to recovery programs to avoid future delays due to unanticipated or poorly managed interactions with insurance claims processes. • The Australian and state governments review eligibility criteria for recovery programs, including grants, to ensure they are fit for purpose. This should include consideration of extending support currently restricted to uninsured people to include some insured people, where justified by local and individual circumstances. • The Australian Government investigate the advantages and risks of enabling access to the Home Equity Access Scheme for resilience improvements by people who cannot access or afford flood cover. 	<p>The Insurance Council welcomes the opportunity to work with the Australian Government on this recommendation. The Insurance Council supports the scope of support being expanded to include those with insurance, noting that not all insurance coverage will be sufficient for catastrophic events.</p>
<p>68. Committee recommends that all levels of government should work together to ensure that, as far as is possible, people don't need to resubmit the same information multiple times for different disaster support. Just as insurers should aim for one point of contact, government should aim for 'tell your story once'.</p>	<p>The Insurance Council welcomes the opportunity to work with governments on this recommendation. The Insurance Council supports a 'tell your story once' approach and looks forward to working with the Government to ensure any impacts on insurer IT systems are considered and managed ahead of implementation.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>69. The Committee acknowledges the increased funding for the community legal sector recently announced. While the focus of this funding will be for family violence services, the Committee recommends that an appropriate proportion be dedicated to natural disaster services.</p>	<p>This is a matter for the Australian Government and the community legal sector. The Insurance Council continues to advocate for adequate disaster response and recovery services.</p>
<p>71. The Committee recommends that the Australian Government work with State, Territory and local government through National Cabinet to ensure that further development does not occur in areas of 1-in-100 flood risk or greater. The boundary for no future development should take account of climate modelling of future increases in risk, in addition to current estimates of risk.</p> <p>The Committee further recommends that the Australian Government explore mechanisms that it can adopt to give effect to this unilaterally, including:</p> <ul style="list-style-type: none">• Publicly disclosed risk information at the individual property level, including for new developments. This could be through a range of mechanisms, including:<ul style="list-style-type: none">• a portal informed by data provided to the Commonwealth government through the Hazards Insurance Partnership for all property released for development.• A regulatory mechanism to discourage banks from loaning for further development at a 1/100 risk or higher (such as risk rating banks' capital to appropriately reflect flood risk; an agreement between government, the Australian Prudential Regulation Authority, and major banks that such loans will not occur, or other regulatory mechanisms). These measures could apply to lending to both developers and to residential purchasers.• Access to any flood pool (or subsidies) would not be available to properties approved in high-risk areas after the creation of the scheme	<p>This is a matter for the Australian Government. The Insurance Council supports reforms to planning laws to stop homes being built in high-risk locations, including delivery on National Cabinet's commitment to ensure development no longer occurs on flood plains.</p>
<p>72. The Committee recommends that the Australian Government work with state, territory and local governments through National Cabinet to ensure that publicly disclosed risk information at the individual property level is available through the property conveyancing process or mandated in state rental agreement regulation.</p>	<p>This is a matter for the Australian Government. The Insurance Council supports this approach, as well as disclosures via real estate transactions, and is happy to support the Australian Government with this work.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
<p>73. The Committee recommends that building codes and planning rules be strengthened and future-proofed to improve the resilience of communities and households, consistent with Recommendation 2 of the Actuaries Institute’s Funding for Flood Costs report.</p> <p>This should take into account not just current flood risks, but also projected increases in risks based on climate modelling</p> <p>Consideration should be given to the publication of a freely available disaster risk rating system.</p>	<p>This is a matter for the Australian Building Codes Board (ABCB), and state and territory Building Ministers to action. The Insurance Council strongly supports resilience being embedded in the National Construction Code and welcomes resilience being prioritised as principle for the ABCB.</p>
<p>74. The Committee recommends the Australian Government continue to fund community level mitigation, ensuring at least \$200 million per year ongoing.</p>	<p>This is a matter for the Australian Government. The Insurance Council supports indexation of the Disaster Ready Fund and extending the program to a 10-year rolling cycle.</p>
<p>75. The Committee recommends that a climate financing framework be developed in relation to government mitigation and adaptation funding. That this framework creates the appropriate incentives for both public sector and private sector investment in mitigation and more resilient buildings and infrastructure. This would include:</p> <ul style="list-style-type: none">• Rigorous project evaluation and prioritisation, including cost benefit analysis and the incorporation of climate modelling.• Strong project governance including reporting, monitoring and evaluation.• Post-project price monitoring where appropriate.• The development of resilience financing where feasible and appropriate.• The exploration of public-private partnerships to coinvest in new or upgraded infrastructure.	<p>This is a matter for the Australian Government. The Insurance Council supports more robust investment in mitigation, the expansion of the Australian Sustainable Finance Taxonomy to consider resilience and the integration of current and future hazard risk into land use planning and targeted resilience investment decisions.</p>
<p>77. The Committee recommends the Australian Government consider measures to reduce household level risks, including whether it would be appropriate to extend the Bushfire Resilience Rating Home Self-Assessment App to flood risks.</p>	<p>Agree. The Insurance Council has supported the development of the Bushfire Resilience Rating tool, and we strongly support the expansion of the tool to be used in connection with multi-perils so as to include flood and cyclone. Importantly, in extreme flood risk areas measures such as buy-backs should be considered where risk cannot be effectively mitigated.</p>

Table 1: Initial recommendations accepted

Flood Inquiry recommendation	Response
78. The Committee recommends the Australian Government work with the Insurance Council of Australia to develop and publish advice on the mitigation measures households could undertake to improve the flood resilience of their property.	Agree. The Insurance Council is supporting this via their collaboration with the RBC and the delivery of the resilience rating app. Insurers have also begun to reward consumers who use the app and undertake resilience measures with premium reductions. The Insurance Council is also supporting the Australian Government's efforts on household resilience via the Hazard Insurance Partnership and the development of a resilience measures library.
81. The Committee recommends that state and territory governments develop buyback and resilience programs for households with very high flood risk and where alternative mitigation measures are unlikely to manage the risk. The Australian Government should consider working with state and territory governments, including through co-funding models, where appropriate.	This is a matter for the Australian Government. The Insurance Council strongly supports implementing household resilience measures to reduce risk and supporting buy-back programs where risk cannot be sufficiently mitigated. The Insurance Council calls on the Australian Government, as well the states and territories to establish standing buy-back programs.
82. The Committee recommends the Australian Government work with state and territory governments to review the operation of existing buy-back schemes to ensure they are targeted appropriately and to evaluate the outcomes for households that have received assistance.	This is a matter for the Australian Government. The Insurance Council supports buyback programs and to remove people from harm's way.
83. The Committee recommends the Australian Government collaborate with state governments to implement measures to repurpose areas with high flood risk for alternative purposes, including returning developed land into a pre-developed state or repurposing land for recreational or agricultural use.	This is a matter for the Australian Government.
85. The Committee recommends that the New South Wales and Tasmanian governments collaborate with industry and local governments to reform emergency services levies, aiming to enhance premium affordability and reduce barriers to insurance uptake.	This is a matter for governments. The Insurance Council supports the removal of Emergency Services Levies and is actively working with the Tasmanian Government and the NSW Government to remove the levy in those jurisdictions.
86. The Committee recommends that state and territory governments remove state-based taxes on general insurance products and shift the tax burden toward less distortionary taxes. Where state or territory governments reduce taxes or levies on insurers, that insurers commit to passing these savings on in full through lower premiums.	This is a matter for governments. The Insurance Council supports the removal of state-based taxes on general insurance products.

Table 2: Initial recommendations accepted

Code Review recommendation	Response
2. The Code should define financial hardship broadly to include where someone is unable to pay what they owe, where they expect to be unable to pay upcoming obligations or they are experiencing difficulties meeting obligations.	Agree in principle, noting that a suitable definition will be drafted for consultation.
4. The Code should provide a comprehensive list of potential support options that insurers may consider offering (expanded as outlined above).	Agree in principle, noting the term 'comprehensive' does not mean 'exhaustive'.
6. The Code should clarify that claims cannot be denied solely because of unpaid excesses. The Code should also expand on the options to pay an excess when the claimant is experiencing financial hardship, including deducting the excess from claim payments, waiving the excess entirely or partially, or allowing the excess to be paid in instalments.	Agree in principle. Any discussions amongst insurers on this recommendation will have to be conducted in accordance with Australian competition law.
7. The Code should adopt a minimum definition for 'urgent financial need' focused on emergency payments to customers to meet an immediate need for essential items.	Agree, noting a suitable and workable definition will be drafted for consultation and that any discussions amongst insurers on this recommendation will have to be conducted in accordance with Australian competition law.
8. The Code should require insurers to make information about financial hardship support, including the types of support options available and how to access support, visible, easy to find, and prominent through a range of customer service channels (website, apps, renewal notices etc).	Agree.
9. The Code should require insurers to provide information about financial hardship support on relevant pieces of insurer correspondence, such as notices of non-payment of instalment or notices of cancellation.	Agree.
10. The Code should allow for requests for hardship support to be made flexibly, including online, via phone and other customer service channels.	Agree, noting that the scope will include existing and direct communication channels.
11. Paragraph 115 should be amended to require insurers to not request unnecessary documentation or information as part of providing hardship support.	Agree in principle, noting that the intent is to alleviate the burden on customers in vulnerable circumstances. Each insurer will determine what exemptions are possible in these circumstances.
12. The Code should commit insurers to engage with a consumer before the conclusion of hardship support to consider whether assistance has been effective or whether further assistance is required.	Agree in principle, noting this does not constitute a commitment to offer further assistance.

Table 2: Initial recommendations accepted

Code Review recommendation	Response
13. The Code should require insurers to have in place effective systems that monitor and ensure compliance of third-party agents and collectors with insurers' financial hardship commitments.	Agree.
18. In redrafting the Code, language which requires consumers to identify as being in vulnerable circumstances to access support should be avoided.	Agree, noting a suitable and workable definition will be consulted on.
19. Paragraph 93 should be redrafted to state: We encourage you to tell us about your circumstances so that we can work with you to arrange the support you might need.	Agree.
20. The Code should adopt a broad definition of vulnerability: where someone who, due to their personal circumstances and market practices, is especially susceptible to harm.	Agree, noting a suitable and workable definition of vulnerability will be drafted for consultation and any discussions amongst insurers on this recommendation will be conducted in accordance with Australian competition law.
23. The risk factors 'sexual orientation, gender identity and sex characteristics', 'trauma', 'cognitive impairment', 'bereavement' and 'elder abuse' should be added to paragraph 93 ¹⁰ .	Agree, noting a suitable and workable definition of vulnerability will be drafted for consultation.
24. 'Family violence' should be expanded to 'family violence including financial abuse' in paragraph 93 ¹¹ .	Agree.
25. Where risk factors are present, insurers should specifically ask consumers about their circumstances and whether any assistance or extra care is required to help them engage with their insurer.	Agree in principle, noting that insurers will consider further ways to engage appropriately with vulnerable customers.
26. Paragraph 97 be expanded to include trauma-informed policies and training.	Agree. Some insurers have implemented this with internal training. The Insurance Council proposes to engage with the Australian New Zealand Institute of Insurance and Finance (ANZIF) on possible industry-wide training.
27. Insurers should take appropriate steps to record, with consent, personal information to help support people experiencing vulnerability.	Agree. Insurers will consider requirements under the <i>Privacy Act 1988</i> .

¹⁰ Note recommendation 93 was referenced in error and the independent panel will reference recommendation 92 in the final report.

¹¹ As per recommendation 23.

Table 2: Initial recommendations accepted

Code Review recommendation	Response
28. Insurers should set out clearly on their website and in relevant customer communications the types of additional supports they make available to customers experiencing vulnerability.	Agree.
29. The Code should require insurers to comply with key requirements of the ICA guide to helping customers affected by family violence.	Agree.
31. Paragraph 100 of the Code should be updated to reference AUSTRAC guidance regarding customer identification.	Agree.
33. Cultural awareness training should be provided for staff who assist First Nations customers.	Agree.
35. Insurers should commit to provide additional flexibility and time for customers in remote and regional areas.	Agree. Insurers support additional flexibility and time being provided to any customer who needs it.
36. The Code should require insurers to comply with the ICA Guide on Mental Health.	Agree.
39. The Code should require insurers, in questionnaires and application processes, to ensure sensitivity and avoid stigmatisation.	Agree in principle. In 2025, the Insurance Council will work with members to develop an industry wide understanding of vulnerability
46. Paragraphs 52, 53 and 54 should be removed as they duplicate the requirements of the Australian Securities and Investments Commission Act 2001 for Deferred sales for add-on insurance products.	Agree.
59. Part 7 of the Code should be amended so that insurers are required to clearly inform a customer about the basis for cancellation of an insurance policy and the customer's right to make a complaint through the insurer's internal dispute resolution process.	Agree, noting that some information that may jeopardise compliance activities may not be suitable to make public.
73. If a consumer opts for a cash settlement for a property claim, they should have a 12-month period to request a review if the settlement amount turns out to be insufficient due to unforeseen circumstances at the time of settlement.	As per Inquiry Report recommendation 14.
74. The Code should require Scopes of Work to be clear, standardised, and provide a full description of work and costs.	Agree. The Insurance Council will work with its members to explore the best approach to delivering a customer facing summary of a Scope of Works.

Table 2: Initial recommendations accepted

Code Review recommendation	Response
75. The Code should state the purpose of the appointment of experts, being to provide independent, detailed, and professional assessments of the cause and extent of damage and loss.	Agree.
78. The Code should mandate compliance with ICA Standard 'Use of Expert Reports: Industry Best Practice Standard'.	Agree.
79. Paragraph 76 should be amended to require the claim decision to be provided in writing.	Agree, insurers will provide written decisions either direct to customers or direct to brokers.
80. Paragraph 81 should be updated to require insurers to communicate in plain English and to: <ul style="list-style-type: none">• State clearly aspects of the claim which are accepted, and which are denied;• Provide reasons that enable consumers to understand the outcome of the claim; and• Appropriately reference policy terms and attach any expert reports relied upon.	Agree in principle, noting the insurers will use clear language rather than referencing the accredited version of plain English.
82. Part 11 should include commitments for insurers to adequately resource and train complaint resolution teams, including considering surge capacity that may be needed following an event.	Agree, as per Inquiry Report recommendation 43.
83. The Code should require that insurers provide to consumers personal information that is used by the insurer in assessing applications, including where information is not provided by the consumer.	Agree, noting consumer rights under the <i>Privacy Act 1988</i> are included in the Code and the Code cannot remove exceptions provided for by law.
85. Insurers and Investigators should treat consumers respectfully, approach investigations with an open mind, and avoid acting in ways that are likely to intimidate or unduly pressure consumers.	Agree, noting the Code covers respectful conduct and should not limit an insurer from conducting compliance activities.
87. Face-to-face interviews should only occur if the information cannot be obtained in a less intrusive way.	Agree, noting face-to-face interviews should only occur where it is necessary in determining a claim.
93. The drafting of the Code should ensure code commitments are clear, so as to promote effective compliance.	Agree.
94. The Code Governance Committee should be subject to regular review, including its data collection requirements and operational effectiveness.	Agree, noting that the reviews should be staged to allow enough time for the Code to be implemented in its entirety between formal reviews and updates.

Table 2: Initial recommendations accepted

Code Review recommendation	Response
98. The Code Governance Association should be abolished and arrangements for Code management aligned with that of other financial services codes managed by AFCA. Consumer representative involvement in the annual budget approval process should be maintained.	Agree.
100. The ICA should seek ASIC approval of its Code, but not seek designation of enforceable code provisions.	Agree.