Insurance Council of Australia

Insurance Catastrophe Resilience Report 2024–25

Catastrophe and Significant Event numbering

Insurance Catastrophes (Cat) and Significant Events (SE) are numbered using the year and order in which they occur.

As Ex-Tropical Cyclone Alfred was the second natural disaster declared an Insurance Catastrophe in 2025, it is known as Cat 252.

Significant Events are also incorporated into this numbering with the North Queensland Floods declared SE 251, the first event for 2025 – with events remaining numerically chronological whether they are a declared Significant Event (SE) or Catastrophe.

This report covers Insurance Catastrophes and Significant Events since the publication of the 2023–24 Catastrophe Resilience Report.

What does a Catastrophe or Significant Event declaration mean?

A catastrophe declaration from the Insurance Council of Australia escalates and prioritises the insurance industry's response to support policyholders affected by the natural disaster that triggered the declaration.

A catastrophe declaration means:

- Claims from affected policyholders are given priority by insurers.
- Claims are triaged to direct urgent assistance to the worst-affected property owners.
- ICA disaster response specialists are mobilised to the affected location to work with government agencies, emergency services, local agencies and affected policyholders.
- Insurers mobilise disaster response specialists to assist affected customers with claims and assessments as soon as emergency services say it is safe to do so.
- An insurance industry taskforce is established to identify and address insurance related issues arising from the natural disaster.

When a Significant Event declaration occurs, the Insurance Council's preliminary data collection and stakeholder engagement catastrophe processes are activated, assisting the ICA and insurers to better assess the insurance impact of a particular event. A Significant Event may be escalated to an Insurance Catastrophe if there is a material increase in claim numbers or complexity, if the geographical spread of this event is extended, or in consultation with insurers.

Acknowledgement of Country

The Insurance Council of Australia acknowledges the Traditional Owners of country throughout Australia and their continuing connection to land, culture, sea and community. We recognise the tens of thousands of years of continuous custodianship and placemaking by First Nations peoples and their proud role in our shared future. This report was produced on the lands of the Gadigal people of the Eora Nation. We pay our respects to Elders past, present and emerging.

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Foreword

This is the fifth Insurance Catastrophe Resilience Report released by the Insurance Council of Australia and again the findings highlight a growing imperative to secure a safer and more resilient Australia.

As insurers we have a unique insight into the risks and impacts of extreme weather, and this year that includes the devastation caused by Ex-Tropical Cyclone Alfred across South-East Queensland, and severe flooding across North and Central Queensland and the Mid-North Coast and Hunter regions of New South Wales.

We know the true cost of natural disasters extends well beyond the physical damage. While the financial cost of insured extreme weather over the past five years is estimated to be around $22.5 billion, a 67 per cent jump from the previous five-year period, the real economic and productivity damage runs much deeper with disrupted supply chains, closed businesses, cut-off workers, and agricultural land left unusable. This is not to mention the often-overlooked psychological toll these events have on people and communities, which are enduring.

It is through this prism, we continue to advocate for governments to commit to multi-year, multi-billion-dollar funding for targeted risk reduction as the best solution to the economic shocks caused by persistent extreme weather. As an industry that prices risk, we also know this is the most effective way to keep premiums affordable and improve coverage across our communities.

As outlined in this report, flood is Australia's most costly and predictable peril. Around 1.36 million properties are at risk of flooding, with 298,000 facing severe to extreme risk and yet homes and businesses continue to be built and rebuilt in locations where we know it's more than likely they will flood again.

Backed by decades of data, the Insurance Council of Australia continues to engage openly and constructively with government and communities on measures that would make a meaningful difference in reducing this risk and keeping Australians safe and protected.

The solution lies in infrastructure like flood levees, tighter planning laws and flood-resilient building codes. Unfortunately, we also need to stare into the reality that some homes and communities are beyond mitigation, with relocation the only option.

These aren't just good ideas, they are economic necessities when we consider that every dollar invested in targeted resilience can reduce spending on recovery by as much as ten dollars[1], which also means families don't lose irreplaceable possessions, local businesses stay open, and lives are protected.

Importantly, addressing these vexing issues will only be possible through collaboration that recognises extreme weather risk as a shared responsibility requiring a coordinated, long-term commitment to building a more resilient Australia.

Steve Johnston
Chair

1. CSIRO, *Systematically addressing disaster resilience (2016)*.

Introduction

This year's extreme weather events have reinforced what we've long known but must confront more urgently – floods in Australia are predictable, repetitive, and impact those least equipped to recover economically.

From Ex-Tropical Cyclone Alfred's impact across South-East Queensland to the floods that swept through New South Wales' Mid-North Coast and Hunter regions, claiming lives and wrecking homes, businesses and farms, the ICA has witnessed firsthand the human cost behind every insurance claim. These aren't just statistics – they're stories of profound loss, disruption, and the extraordinary resilience Australians show in rebuilding their lives.

The insurance industry is improving how it supports communities before, during, and after these events. We're tracking this progress through our Industry Action Plan, developed in response to the Parliamentary Flood Inquiry recommendations.

When Alfred stalked the east coast in March and threatened highly populated south-east Queensland with the first cyclone-strength storm in more than 50 years, insurers got straight to work supporting and preparing those at risk.

Delivering simple advice about how to prepare homes and properties, readying a surge workforce to streamline the claims process, and having consistent close engagement with local councils was priority work for the insurance industry.

Thankfully the severity of the windstorm did not materialise on land, producing deep rain systems which impacted low lying areas around Hervey Bay and into the Northern Rivers, but the preparation still went a long way in reducing damage.

We know that when people make a claim with their insurer, it is because they've experienced an unexpected event, making the interaction important to that person's financial recovery and well-being. To better support and reflect the needs of customers who are going through this claims process we are uplifting their protections under a new Code of Practice.

As part of this, we are developing a world-leading vulnerability framework that recognises that the experience and needs of insurance customers are increasingly complex. How insurers define and identify vulnerability is at the centre of this work.

As more homes face repeated events, the ability to identify and support customers experiencing 'situational vulnerability' – where vulnerability arises from certain claim events as well as personal circumstances or characteristics – will enable insurers to provide more targeted and meaningful support when it is needed most.

Another confronting reality we face as a country is the direct correlation between economic disadvantage and flood risk.

Approximately 70 per cent of households exposed to the highest flood risk are in areas where the median income is below the national median, and around 35 per cent of these households are in areas where the median income is below the poverty line. This isn't coincidence – it's a systemic issue that demands urgent attention.

Without decisive action this challenge will only intensify.

While insurers continue to work on how we prepare and support customers, there needs to be a serious plan to start driving down these significant risks to lives and livelihoods. This means we must move beyond simply responding to disasters and commit to preventing them from becoming catastrophes for those who can least afford to recover.

Andrew Hall
CEO and Executive Director

The cost of international events

Around the world risks are climbing, from worsening extreme weather to growing economic and geopolitical volatility.

Exposure to these risks – particularly extreme weather risks – is increasing. A warming climate is expanding the reach of disasters, with events such as cyclones and severe convective storms hitting locations previously at lower risk.

This challenge is further amplified around the world by populations continuing to expand into locations where these events are more likely to strike, post-pandemic inflationary pressures, housing constraints, climbing asset values, and stretched supply chains and labour markets.

The increase in losses driven by worsening extreme weather events is now clearly a long-term trend. Despite some variations in modelling and assumptions, analysis produced by the world's leading reinsurers clearly shows the growing cost of disasters globally.

- According to Munich Re's analysis, global insured losses from natural disasters reached approximately US$140 billion in 2024. Notably, the US has seen most of the highest annual insured losses (for weather-related perils) per person over the past 40 years, as detailed on pages 6 and 7.
- Swiss Re analysis is similar, finding that global insured losses from natural catastrophes reached US$137 billion in 2024, the fifth year in a row where insured losses were above US$100 billion.
- Aon data also shows that economic losses were above average due to weather disasters, with insured losses estimated at US$145 billion in 2024.

Despite Australia's relative geographic isolation, our insurance market is deeply embedded within a global, interconnected system. When global reinsurers face a surge in claims from large-scale events, such as hurricanes in the US or floods in Europe, the cost of reinsurance can escalate worldwide, with increased costs passed through to Australian insurers.

The United States is once again dominating global insured losses, with January 2025's record-breaking mega-fires burning across Los Angeles causing unprecedented devastation and US$40 billion in insured losses – the largest wildfire losses in history. This catastrophe placed the California Government's FAIR Plan under increasing pressure.

These losses were compounded in the northern spring, which brought additional destruction as storms and tornados swept across the US from March through May, generating economic losses of around US$19 billion. Trade tariffs imposed by the Trump Administration on Mexico, Canada and China compounded recovery challenges by increasing construction material costs, affecting rebuilding efforts from Hurricane Helene and Hurricane Milton and the LA wildfires.

Globally, other major disasters included Australia's Ex-Tropical Cyclone Alfred, which caused approximately AU$1.4 billion in insured losses, and Myanmar's devastating March earthquake that tragically killed an estimated 3,800 people while generating estimated economic losses of US$11 billion.

AAP: Malibu Beach, Los Angeles, January 2025.

As global losses climb, reinsurance remains a fundamental component of a stable insurance system. Gallagher Re has found that global reinsurance capital totalled US$769 billion in 2024, enabling primary insurers to manage some of the world's biggest disasters by transferring a significant portion of risk off their balance sheets and supporting the ongoing solvency of the sector.

This was made clear following the LA fires, where one third of primary insurers' record-breaking payouts were supported by reinsurers.

This is also true in Australia. A recent report by the Actuaries Institute found that primary insurers in this country would need up to an additional AU$70 billion of capital without reinsurance, which would cost more than reinsurers' typical margins because of global reinsurers' ability to diversify risk.

As we approach the fourth quarter of 2025, forecasts indicate that this year is projected to be another costly 12 months for natural disaster losses, with early indicators suggested the trends established over the past four decades are not only continuing but accelerating.

- Munich Re estimates worldwide natural disasters have caused overall losses of around US$131 billion in the first half of 2025, of which US$80 billion was insured – significantly higher than the average for the previous ten years and the previous 30 years.
- Swiss Re anticipates that insured losses from natural catastrophes are set to trend to at least US$145 billion in 2025. However, they also estimate a 1-in-10 probability of insured losses from natural disasters exceeding US$300 billion this year.
- Aon has found that global insured losses in 2024 were well above the short, medium and long-term averages, and this is expected to continue into 2025 due to additional growth in natural disaster losses.

These projections place 2025 within a broader pattern of escalating economic and insured losses due to extreme weather events that has been building momentum across multiple decades.

The Federal Government's Climate Risk Assessment, released in September 2025, reinforced the economic risks from climate hazards such as sea level rise, tropical cyclones, flooding and extreme heat, with climate-related risks to the real economy projected to rise from moderate today to high–very high by 2050 and severe by 2090.

California's FAIR Plan

California's FAIR Plan is the State's insurer of last resort, providing basic fire insurance coverage for high-risk properties. Coverage is capped at US$3 million rather than full replacement cost for residential properties – a critical issue following the LA fires, where many losses exceeded this limit.

As at May 2025, the FAIR plan had paid out ~US$2.7 billion in claims from the Palisades and Eaton Fires, with industry-wide insured losses estimated at US$23 billion (Palisades) and US$17 billion (Eaton), according to Gallagher Re.

Consequently, for the first time in 30 years the FAIR plan triggered the requirement for insurers to cover the outstanding fees based on their market share, a portion of which is then passed on to other customers through higher policy prices.

The FAIR Plan offers limited coverage at rates that are artificially below those available in the marketplace, masking the risk signals that traditional insurance pricing provides. This allows underlying risk drivers go unaddressed, resulting in greater risk to life and property, inadequate insurance coverage, and crippling financial burdens on both the state and the insurance market – the opposite of the intended outcomes.

Australia's outsized climate cost

While extreme weather is costing developed nations more with each passing decade, Australians are paying an outsized price. Per person, we've consistently shouldered higher economic and insured losses than a range of other developed nations, except the US.

New data from Munich Re's NatCatSERVICE global database shows that among comparable developed nations, Australia has on average ranked at least second highest for economic and insured losses per capita from extreme weather events from 1980–2020. Only in the past five years have we been overtaken – and that's due to the outsized impact in New Zealand, with its comparatively smaller population, of the 2023 Auckland floods and Cyclone Gabrielle.

The acceleration is undeniable. Each decade since 1980, inflation-adjusted losses from floods, bushfires, storms (including hailstorms), and extreme cold temperatures[2] have climbed across Australia, the US, Canada, France, Germany and New Zealand. Multiple drivers fuel this trend – our changing climate, expanding populations in vulnerable areas, and infrastructure that wasn't built to withstand the impacts of a changing climate.

For Australia, our persistent position near the top of these rankings reflects our unique geography and exposure to natural perils. While Australia has always faced extreme weather, the increasing losses per person is undeniable.

The impact is compounding as communities experience repeated extreme weather events with insufficient time to recover and invest in resilient infrastructure – a pattern particularly pronounced over the last five years.

When it comes to flood, the Insurance Council has identified 24 river catchments across Australia's East Coast requiring urgent resilient investment. Communities in these areas have borne more than two-thirds of the costs from declared flood events over the past five years.

The protection gap – the difference between total economic losses from disasters and the portion covered by insurance – represents millions of Australians left vulnerable when catastrophe strikes. In 2024 alone, Munich Re estimated global insured losses at US$140 billion, yet this covered only a fraction of the true economic damage to businesses, communities and livelihoods. When families and businesses can't afford or access insurance in high-risk areas, governments, charities and communities bear the costs, with ripple effects touching every corner of our economy.

The US has consistently faced the greatest per capita burden from both insured and economic losses and this has been sharply increasing over the decades since 1980, and in particular in the last five years. Just in the last five years the US was struck by several large loss events such as Hurricane Ida and Winter Storm Uri in 2021, Hurricane Ian in 2022, and Hurricanes Helene, Milton and Beryl in 2024.

The impact of extreme weather events, as demonstrated by this data, is fundamentally a whole-of-economy challenge requiring whole-of-society solutions.

This demands coordinated investment in several key areas:

- Resilience and mitigation infrastructure and projects designed for future extremes rather than yesterday's weather patterns.
- Land use planning that considers flood and fire risk.
- Stronger building codes.

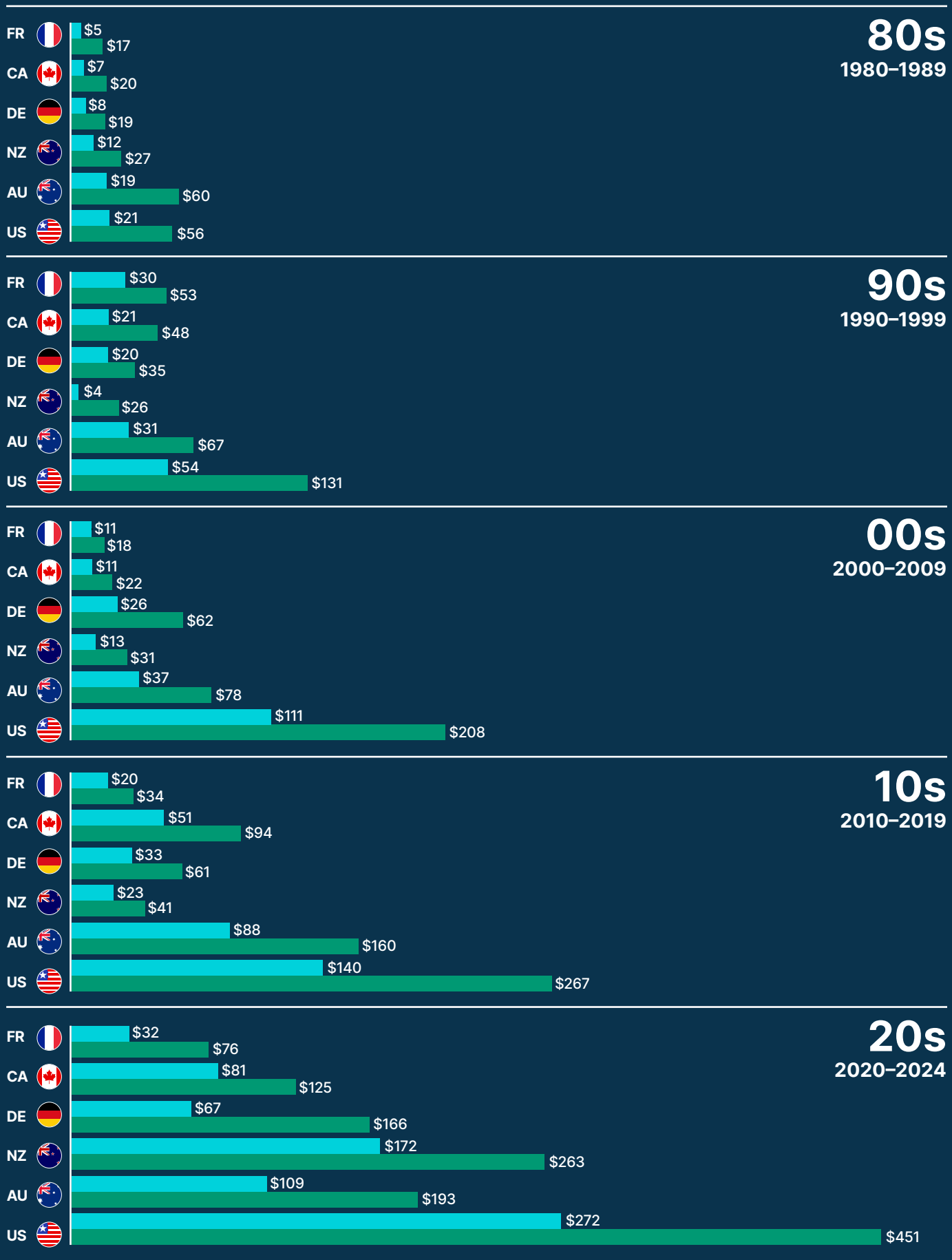
Together, these measures can lessen the impact of extreme weather and better protect Australian homes, businesses, communities and the economy.

1. Munich Re's NatCatSERVICE is a global database containing loss data from 1980 onward for all types of natural disasters, excluding drought and heatwaves. Loss values depicted are as at May 2025 and adjusted for inflation via the country-specific consumer price index and with consideration of exchange rate fluctuations between local currency and US$.
2. Earthquake, tsunami, volcanic activity, heatwaves and droughts not included in analysis.

Average annual cost per person

Average annual **insured** loss per person (US$ inflation adjusted)

Average annual **economic** loss per person (US$ inflation adjusted)



Impact on vulnerable communities

Australia is on the front line of climate change. We're witnessing more frequent and intense extreme weather events while development continues expanding into high-risk areas, asset values climb, and inflationary pressures drive up reconstruction and repair costs. Currently, extreme weather events cost Australians around $4.5 billion annually.

But the most concerning aspect isn't just the cost and scale of these events, it's who bears the brunt of them – in some instances over and over again. Across Australia, there's a clear correlation between high flood risk and socioeconomic disadvantage, with our country's most vulnerable the least likely to have an insurance safety-net when disaster strikes. This not only undermines the safety and wellbeing of impacted individuals and communities, it also threatens our national economic and social resilience.

Bringing socioeconomic data and national flood maps together paints a troubling picture of how flood risk and economic hardship intersect.[1]

High-risk land can often be cheaper with lower property values. As a result, there is generally a higher concentration of residents from lower-income households living in these high-risk locations, with limited ability to relocate or invest in mitigation options to drive down risk.

There are an estimated 242,000 residential dwellings with the highest flood risk across Australia. The Insurance Council estimates that more than 186,000 of these are not insured for flood. If just 10 per cent of these needed to be rebuilt, using average home building prices, the cost would be more than $9 billion.

In these areas, the magnitude of the flood risk is the reason many nominal premiums exceed $7,000 and in some cases exceed $30,000. However, the cost of the premium and the limited means of the homeowner can result in residents being underinsured (for example, they have opted out of flood cover to make their insurance premium more affordable) or with no insurance at all. This leaves the residents who are most in need of support without this vital safety net when extreme weather hits.

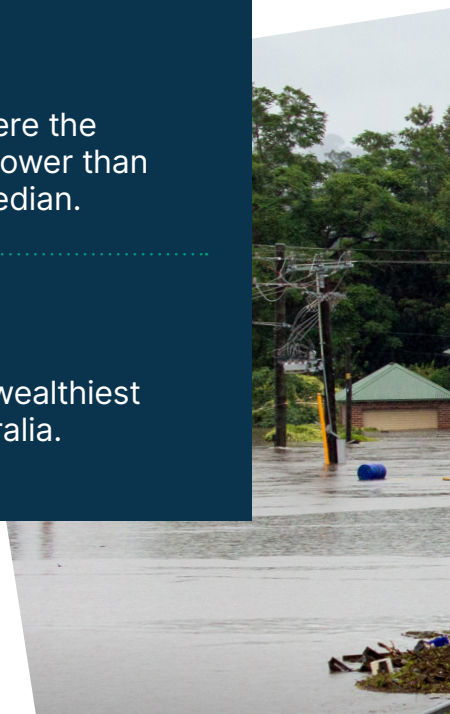
Of the 242,000 homes facing severe to extreme flood risk:

~77%
do not have flood cover.

70%
are in areas where the average income is lower than the national median.

35%
are in areas where the average income falls below the poverty line.

<4%
are located in the wealthiest parts of Australia.



1. Analysis conducted by combining the Socio-Economic Indexes for Areas (SEFIA) deciles from their Index of Relative Socio-Economic Disadvantage, cross referenced against the National Flood Information Database.

This erosion of insurance in our riskiest locations not only hinders the ability of communities to recover when disaster strikes, it also has longer term implications for the economy, with an initial assessment of the first six months of natural disasters in 2025 estimated to have cost Australia's economy AU$2.2 billion.

The nature of this compounding challenge also means that insured Australians in flood-prone areas contribute unfairly to state revenues through insurance taxes embedded in their premiums. This is because these taxes are levied in proportion to the cost of the premium, penalising those who pay higher insurance premiums because of the greater extreme weather risk they face.

Other than in the Australian Capital Territory, insurance premiums around the country include state-imposed stamp duty of around ten per cent, GST, and in New South Wales an additional Emergency Services Levy (ESL) on insurers that is passed on to customers in that State. ESL is currently around 18 per cent on home insurance, although this can vary.

Addressing this compounding challenge requires recognition that Australia's most vulnerable communities need the strongest safety nets, not the weakest. This isn't just an insurance industry challenge – it is a whole-of-society issue requiring partnership between government, industry, and communities to identify and invest in the most impactful flood resilience and mitigation solutions for the communities who need it most.

Flood risk explained

Extreme flood risk (1 in 20)

5%
probability each year

22.6%
over 5 years

40.1%
over 10 years

Severe flood risk (1 in 50)

2%
probability each year

9.6%
over 5 years

19.3%
over 10 years

IStock: Repeated flooding in Windsor Australia, 2021.

Preparing for the worst

Each extreme weather season that Australia is faced with brings something new. There are always lessons for insurers – not only about response and recovery but also preparedness and preparation.

Alongside record-breaking floods in two states, in 2024–25 Australia experienced something it hadn't seen in decades – a tropical cyclone threatening one of the most densely-populated corners of the country.

The formation and movement of Tropical Cyclone Alfred in March 2025 tested insurers and their preparedness, posing a critical question – if a Category 2 cyclone, or greater, made landfall in Queensland's south-east corner, where many insurers operate from, how would the impact zone continue to operate and how would insurers support customers when they needed them most?

From the onset of weather warnings, insurers took immediate steps to prepare for the worst. Beyond activating internal emergency response procedures, insurers with operations and staff based in south-east Queensland had to balance the expected increase in claim volume with staff safety. Many flew staff to other parts of the country and scaled up operations in other states, while other insurers prepared mobile setups, ready to enter regions expected to be most impacted once the weather system had passed.

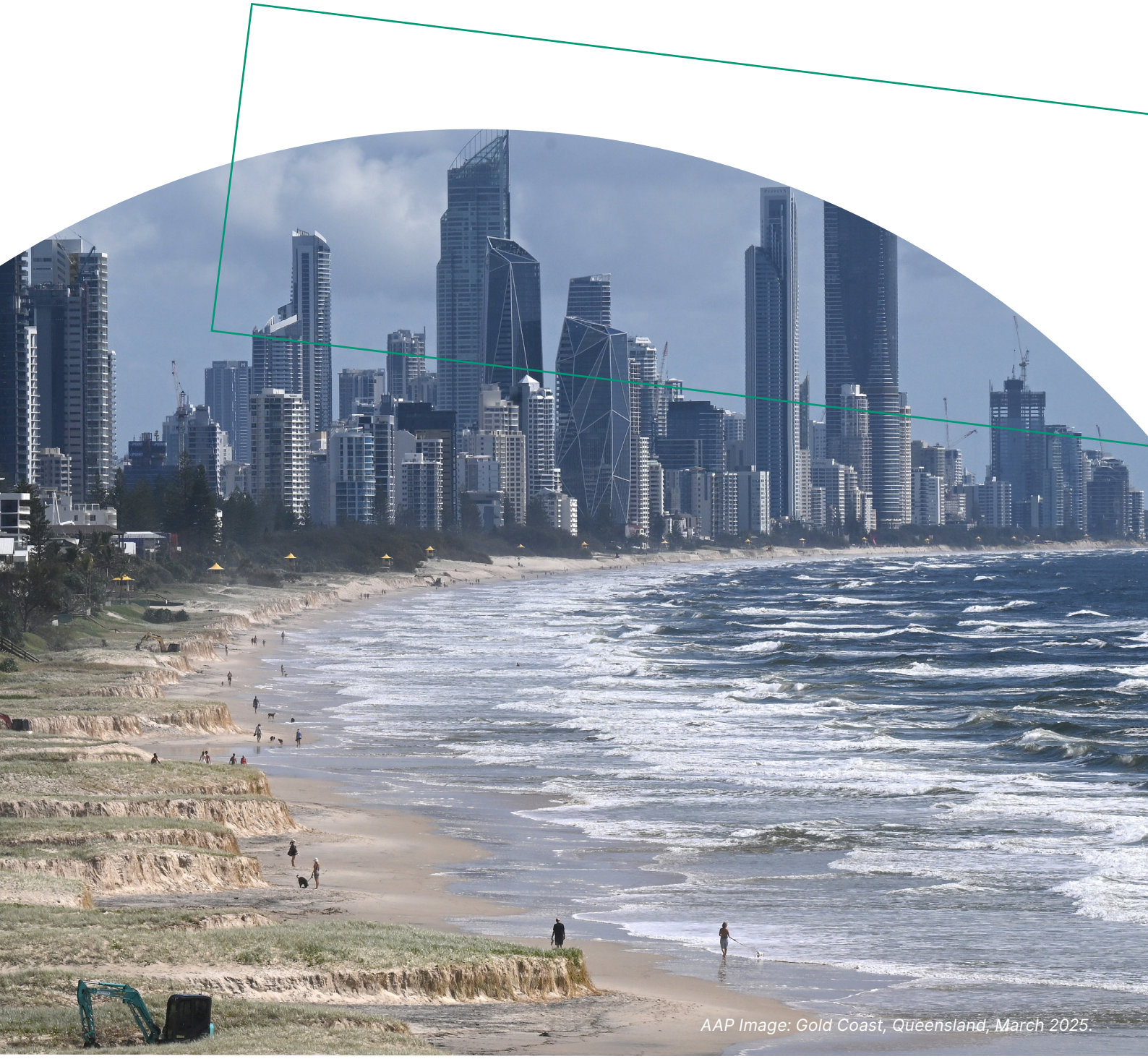
The Insurance Council Board – made up of the CEOs of Australia's largest insurers – met with the then Assistant Treasurer, Stephen Jones, to brief him directly on preparation efforts. The ICA and insurers maintained regular contact with local, state and federal government representatives on key issues, such as supply chains and labour requirements, temporary accommodation, and the coordination of recovery efforts.

Insurer's significant investment uplift in data and tracking proved critical in this preparation phase, allowing insurers to know which of their customers were likely to be impacted by this event. Communicating directly with customers potentially impacted by extreme weather is becoming common practice, with those in Alfred's expected path receiving early information, including about the claims process.

Queensland's State Disaster Coordination Group leaned forward from the onset of the cyclone and proved its effectiveness in terms of system collaboration. The Insurance Council disseminated critical insights to members, relaying real-time information from all government agencies, including emergency response, and the private sector across other industries including banking, logistics, telecommunications and energy.

Disseminating information to local governments also had an uplift, with critical information provided to councils in the firing line. As a result, important clean-up messaging was communicated via councils as well as insurers, dispelling myths around disposing of damaged items and supporting recovery.

While Ex-Tropical Cyclone Alfred didn't bring the damage initially predicted, the importance of preparing for the worst set a critical benchmark for the industry. The way the industry prepares for extreme weather events is always evolving and improving, with insurers learning from every cyclone, flood, bushfire or storm, because the more prepared we are, the better we can support customers.



AAP Image: Gold Coast, Queensland, March 2025.

2024–25
Insurance catastrophe overview

$1.97B
Incurred

154,100
Claims

$13K
Average claim

SE 251
January 2025

North Queensland Floods

Cat 252
February 2025

Ex-Tropical Cyclone Alfred

Cat 253
May 2025

Mid-North Coast and Hunter floods

The most recent catastrophe season saw a notable reduction in total claims incurred, with insurance losses to date decreasing by 25 per cent from $2.61 billion in 2023–24 to $1.97 billion in 2024–2025. However, claim numbers were much closer year-on-year, falling by only seven per cent to date, from 163,400 claims related to declared extreme weather events to 154,100.

Declared events over the 12 months to 30 June 2025 included one cyclone and two floods, which followed one cyclone and three storm events the previous year. This reporting does not include other locally severe but undeclared events such as the Casterton hailstorm in October 2024, the Grampians bushfire in December 2024, and the Harden hailstorm in February 2025, among others, due to their geographic concentration and lower claim numbers (see pages 20–21).

The North Queensland Floods in January 2025 marked the first major event of the catastrophe season. Categorised by insurers as Significant Event (SE) 251, the North Queensland floods followed extreme rainfall, with Townsville and Ingham amongst the worst affected regions. To assist insurance customers in the immediate aftermath, the Insurance Council set up a dedicated Insurance Hub in Townsville that ran for ten days in early February 2025. Since that time, there have been three subsequent industry-coordinated consultations in the towns of Ingham and Cardwell.

When compared to subsequent 2025 events, the North Queensland Floods had the highest average claim cost, coming in at $25,000, and the lowest number of claims.

Twenty four per cent of total claims by dollar value can be attributed to commercial claims and 76 per cent personal – with building and property damage comprising the most significant component of both personal and commercial claims respectively.

In early March, Cyclone Alfred formed off the coast of Queensland. At the time, the forecast strength and trajectory – right into Brisbane and the densely-populated regions of south-east Queensland – projected that the event would be one of Australia's most significant. Hanging off the Queensland coast for a little over a week, by the time Ex-Tropical Cyclone Alfred made landfall as a low-pressure system the impact remained significant but not as catastrophic as forecast. The storm's impact was characterised by intense winds and heavy rain, flooding, and severe coastal erosion.

Insurers were quick to respond to this widespread event, mobilising additional assessors and attending recovery centres across 13 sites as soon as it was safe to do so. Subsequently, there has been one dedicated insurance customer townhall and four one-on-one consultations across Hervey Bay, Wellington Point and Upper Coomera.

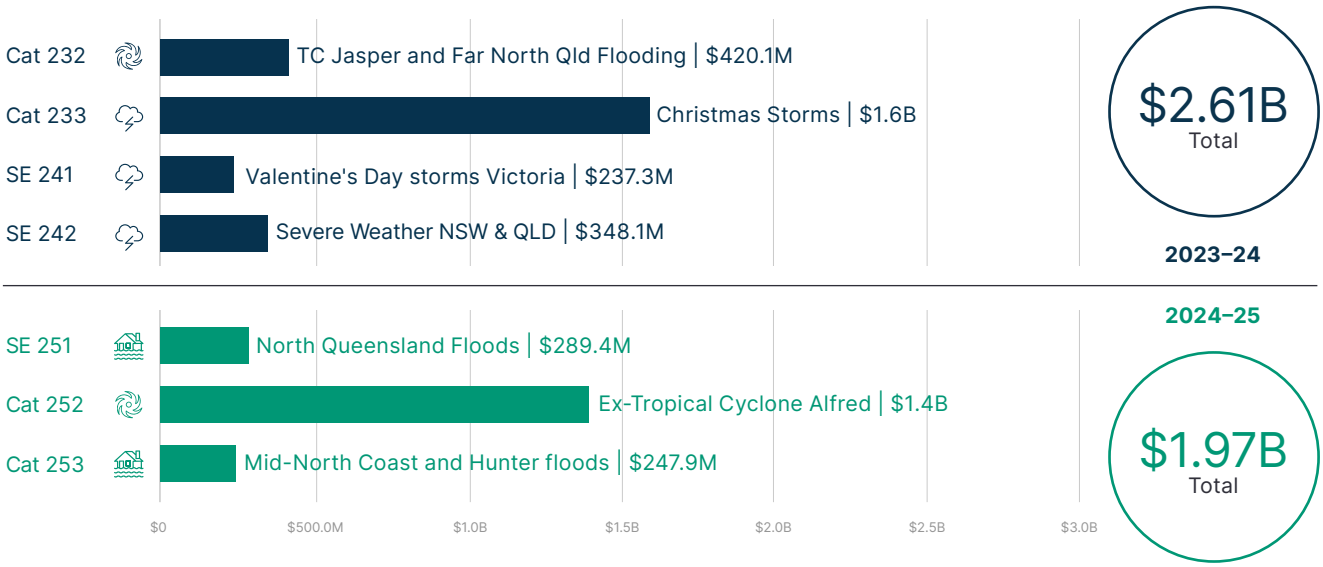
Although the total insured losses from this event are over three times higher than those recorded for Tropical Cyclone Jasper in North Queensland at the end of 2023, Ex-Tropical Cyclone Alfred resulted in a high volume of claims with an average value of $11,000, compared with $40,000 average claim value from Jasper at the end of 2023. The claims from Alfred, categorised by insurers as Cat 252, varied widely in nature, from food spoilage to total property losses.

In May, a large low-pressure system hovered over the Mid-North Coast and Hunter region of New South Wales, bringing with it widespread and ongoing rain. Taree's Manning River topped 6.44 metres, passing its existing record set in 1929 and exceeding the 500-year flood level.

Given Taree had flooded in 2021 just four years previously, many home and business owners were facing a rebuild for the second time in just four years.

The event was quickly declared an Insurance Catastrophe, categorised as Cat 253, with insurers taking urgent action to process emergency accommodation and food spoilage for customers. To assist insurance customers in the immediate aftermath, the Insurance Council set up a dedicated Insurance Hub in Taree which operated for more than two weeks.

Loss incurred by event



Catastrophe claims 2024–25

76% Personal
$1.492B Incurred

24% Commercial
$477.89M Incurred

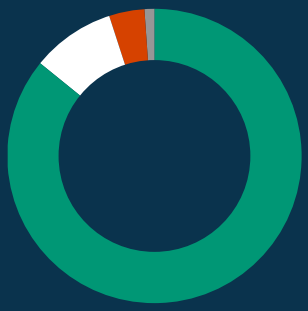
Cat 252
Ex-Tropical Cyclone Alfred

$1.4B
Incurred

128,950
Claims

$11K
Average claim

Personal claims
$1,057M



- Building 86% | $907M
- Contents 9% | $99M
- Motor 4% | $45M
- Other 1% | $7M

Commercial claims
$376M

- Property 87% | $329M
- Building 6% | $22M
- Business interruption 5% | $19M
- Other 2% | $7M

Overview

Cyclone Alfred began as a tropical low detected in the Coral Sea on 20 February 2025. Over the following days, it intensified into a severe tropical cyclone, escalating to a Category 4 (severe) intensity cyclone offshore by 27 February.

At the time, the severity of the cyclone and forecast trajectory raised significant safety concerns, with some forecasts projecting that it would be the first cyclone to make landfall near Brisbane in more than 50 years.

The cyclone meandered off the Queensland coast for a little over a week, fluctuating in its severity as it moved slowly south, parallel to the coastline, before turning towards the southeast Queensland coast.

The time between the cyclone first being identified and making landfall meant that government, recovery agencies and insurers were on high-alert and commenced preparedness measures and messaging to assist communities and businesses prepare their properties, ensure their safety, and evacuate if necessary.

While the intensity of the storm had eased before making landfall as a tropical low on 8 March 2025, this unique extreme weather event still brought intense winds and heavy rain, flooding, and severe coastal erosion.

The strong winds contributed to large scale power outages, with more than 300,000 homes and businesses across Queensland and New South Wales left without power for an extended period, with outages in the most severely affected areas lasting up to a week.

The Fraser Coast region was hit particularly hard, with rainfall and winds significantly exceeding forecasts. Hervey Bay experienced rapid and significant flooding and subsequently became a particular focus area for insurers.

Industry response

The Insurance Council declared Ex-Tropical Cyclone Alfred an Insurance Catastrophe on 9 March, coordinating the industry's response and prioritising claims from affected policyholders.

Following Ex-Tropical Cyclone Alfred's landfall, insurers experienced an immediate surge in claims, with more than 34,000 claims lodged by 12 March.

To meet the rising demand, insurers mobilised additional assessors and populated recovery centres across 13 sites as soon as it was safe to do so, including Brisbane, the Gold Coast, Hervey Bay, and in the Northern Rivers region of New South Wales.

Insurers also issued targeted communications via traditional and social media channels, warning residents of ongoing risks like debris and floodwaters. Insurers' emergency response teams were dispatched to support vulnerable communities, commencing the process of providing temporary accommodation, emergency funds, and claims assistance.

To assist with rising demand, the Insurance Council piloted a new process to help address the expected shortage of tradespeople needed for recovery and rebuilding efforts. This initiative aimed to connect skilled tradespeople from other states with insurers and their builders assisting affected customers in south-east Queensland and northern New South Wales.

To support customers navigating the claims process, the Insurance Council coordinated community information town halls and one-on-one insurer-customer consultations in Hervey Bay, Redland Bay, and Coomera.

Issues in recovery

Communities closest to the coast were exposed to damaging winds and heavy rainfall, while communities further inland and to the north, like Hervey Bay, experienced heavy to intense rainfall causing inundation to property and vehicles.

Those most impacted faced several challenges, including power outages, loss of internet and mobile phone coverage, and isolation due to flooded roads, debris, damaged infrastructure over a broad geographical area. Securing temporary accommodation was challenging in some areas, with hotels and rental properties overwhelmed during the peak recovery period.

AAP Image: Brisbane, Queensland, March 2025.

Insurers encountered delays in assessments because of ongoing hazardous conditions, landslides, and continuing flooding, particularly in remote and flood-affected suburbs. Community concerns around debris removal, safety hazards, and insurance claim complexities emerged, prompting ongoing engagement from insurers and advocacy groups.

State and Federal Governments rolled out recovery programs, including road clearing and flood mitigation efforts, to restore connectivity and ensure community safety.

Claims profile

As of September 2025, insurers continue to work closely with government agencies and local authorities to facilitate recovery, with a focus on high-priority areas. More than 71% of claims have been assessed and paid, with property claims representing the greatest portion of personal and commercial claims.

Although the total insured losses from this event are nearly three times higher than those recorded for Tropical Cyclone Jasper in North Queensland at the end of 2023, Cyclone Alfred is best characterised by its high volume of lower-value claims, with a comparatively low average value of $11,000 compared to $40,000 for Jasper.

Insurers reported approximately 30 per cent of claims related to food spoilage due to power outages. While this represents a high volume of total claims, most food loss claims were settled upon lodgement, with payment made by direct deposit into customers' bank accounts.

Overall, the claims profile spanned all business classes, from minor food losses to total property damage. South-east Queensland experienced the majority of power outages and food losses, while areas like Hervey Bay faced intense rainfall over short periods, leading to residential, commercial, and motor vehicle inundation.

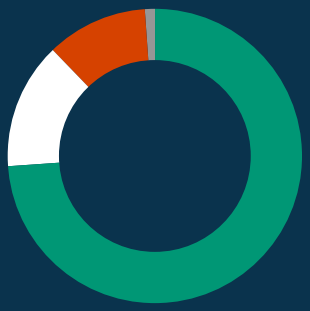
Cat 253
Mid-North Coast and Hunter Floods

$248M
Incurred

13,713
Claims

$18K
Average claim

Personal claims
$204M



- Building 74% | $150M
- Motor 14% | $29M
- Contents 11% | $23M
- Other 1% | $1M

Commercial claims
$44M

- Property 77% | $34M
- Motor 13% | $6M
- Building 8% | $4M
- Other 2% | $1M

Overview

On 17 May 2025, a large easterly low descended on the Mid-North Coast of New South Wales, bringing widespread and ongoing rain which put much of the State on alert. At the time it was unclear how far the weather system would travel, with areas surrounding Sydney also preparing for a deluge. In response, insurers activated their internal emergency response processes.

Over the following days, the weather system moved slowly, delivering extensive rainfall which saw record-breaking floods. Taree's Manning River topped 6.44 metres, passing its existing record set in 1929 and exceeding the 500-year flood level. Surrounding areas including Bellingen, Moparrabah and Wingham saw more than 300 millimetres of rain in just 24 hours.

In the week following, the Federal and State governments activated disaster assistance to communities in 16 local government areas in the Hunter and Mid-North Coast regions. Tragically, the storms and flooding caused four deaths. It was classified as a 1-in-500-year event by Natural Hazards Research Australia, with more than 670 flood rescues carried out and 9,500 households told to evacuate across the worst-affected regions of Taree, Kempsey, and surrounding communities. The livestock and wildlife death toll was also significant.

AAP Image: Taree, New South Wales, May 2025.

Industry response

As soon as flood waters receded, insurers were on the ground in Taree and heavily impacted towns in the surrounding area. A stand-alone Insurance Hub was established in Taree which remained open for more than two weeks. Representatives from all insurers assisted impacted customers in-person at the Hub and through in-person presence at all government-run recovery hubs from Port Macquarie to Maitland.

The event was quickly declared an Insurance Catastrophe which further strengthened insurer response operations. Insurers took urgent action processing emergency accommodation and food spoilage payments to impacted customers.

The Insurance Council engaged with local, state and federal government representatives on the ground including Prime Minister Anthony Albanese and Assistant Treasurer Daniel Mulino. Media across the region were also briefed and kept updated via regular bulletins that included claims data updates and recovery information.

Issues in recovery

Given the widespread nature of this weather event, it took some time for waters to recede, delaying the return of the many thousands under evacuation orders to their homes and insurers having a presence on the ground. Taree had flooded just four years previously in 2021, meaning many homeowners and business owners were facing a rebuild for the second time in just four years.

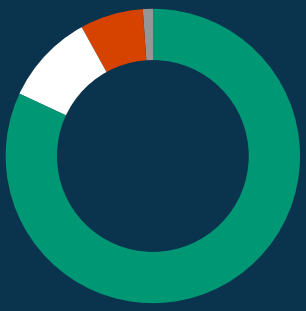
SE 251
North Queensland Floods

$289M
Incurred

11,437
Claims

$25K
Average claim

Personal claims
$232M



- Building 82% | $191M
- Contents 10% | $23M
- Motor 7% | $17M
- Other 1% | $1M

Commercial claims
$58M

- Property 81% | $47M
- Building 8% | $5M
- Business interruption 5% | $3M
- Other 6% | $3M

Overview

On 29 January 2025, the Bureau of Meteorology and Queensland State Emergency Service issued urgent warnings as tropical lows developed across North Queensland, prompting the activation of disaster response protocols for what would become record-breaking floods. Local emergency services issued evacuation orders and urged residents in low-lying coastal areas to prepare evacuation kits, while insurers put response teams on alert.

That weekend, successive severe weather systems impacted North Queensland with extreme rainfall, with some areas receiving over one metre of rain in the 48 hours to Sunday 2 February.

Townsville and Ingham were among the worst affected regions, with the Herbert River rising to 14.89 metres, approaching a 1967 record flood level. Six low-lying suburbs in Townsville were designated as 'black zones' requiring mandatory evacuation, with more than 400 people taking refuge in evacuation centres. The disaster resulted in two fatalities and caused widespread power outages affecting thousands of properties across the region.

Despite the relatively high average claims cost of $25,000 indicating the severity of impact to the local properties and infrastructure, the geographical spread of impact was relatively restrained across this region, in line with the criteria of a Significant Event declaration.

Image AAP: North Queensland, February 2025.

Industry response

The Insurance Council declared a Significant Event on 2 February which kick started insurers' responses. Three days later, the Insurance Council stood up an Insurance Hub in Townsville and maintained a presence at the Townsville community recovery centres for the remainder of the week. Insurers also deployed resources to surrounding towns including Cardwell, Mission Beach, Tully and Innisfail.

Once road access was restored to Ingham, insurers were on the ground from 11 February and provided in-person assistance at the local recovery hub.

Insurers were quick to revisit the region, with the Insurance Council hosting an information townhall on 20 March. Since that time insurers have visited the region twice more, holding five additional community consultation sessions in Townsville, Ingham and Cardwell.

While initially established to support supply chain shortages following Ex-Tropical Cyclone Alfred, the industry's Expression of Interest form for interstate trades was expanded to capture those interested in supporting recovery efforts in North Queensland.

Issues in recovery

Floodwaters were slow to recede across many parts of the region, leaving some smaller towns isolated for many days. Road access to Ingham was inconsistent from both the south and the north, meaning insurers were not on the ground to assist policyholders for days following the event.

Insurers also faced complex assessment processes as the damage caused by the storm event varied, meaning insurers had to deploy hydrologists and other specialised assessors. Additionally, the remoteness of some impacted communities and shortages in both trades and repair parts have put additional strain on the supply chain, meaning delays in repairs.

When a Significant Event declaration occurs, the Insurance Council's preliminary data collection and stakeholder engagement catastrophe processes are activated, assisting the Insurance Council and insurers to better assess the insurance impact of a particular event.

A Significant Event may be escalated to an Insurance Catastrophe if there is a material increase in claim numbers or complexity, if the geographical spread of the event is extended, or in consultation with insurers.

Response to locally severe events

Beyond the three major declared catastrophes that dominated headlines, many regional communities faced their own weather disasters – events that, while geographically constrained, delivered significant local impacts.

The Insurance Council's criteria for declaring Insurance Catastrophes and Significant Events are based on factors including geographical spread, the number and/or cost of expected claims, and complexity of clean-up and recovery operations. Catastrophe declarations trigger prioritised claims processing and deployment of specialist response teams, while Significant Event declarations activate preliminary data collection processes.

However, regional events that don't meet these declaration thresholds can still have very significant consequences for affected communities. The scale of these events can differ in terms of insurer exposure and geographic footprint, but the severity of impact on affected communities can be profound, sometimes damaging significant portions of regional townships, disrupting local economies, or causing substantial property losses within concentrated areas. Recovery can be made more complex by remoteness from readily available labour and materials.

In 2024–25, this has been the case for communities including Muswellbrook, Broken Hill, Casterton, Carinda, the Grampians, Harden, and across vast swathes of Western Queensland – communities that have been impacted variously by hail, earthquake, bushfire and flood.

In some of these examples the relatively small number of claims spread across multiple insurers meant the local impact was not immediately apparent to insurers. In these cases, local MPs, local media and other stakeholders played an important role in highlighting the need for additional insurer attention.

Regardless of the broader impact, the recovery challenges for any community can be significant. As we face a more unpredictable climate, insurers will be refining and improving how they respond to locally severe events. This ongoing work reinforces the industry's role not just as risk managers, but as partners in community resilience, ensuring that no Australian community faces recovery alone.

In response to these events, the Insurance Council and insurers made every effort to be on the ground and prioritising claims. The Insurance Council also engaged extensively with Federal, state and local government stakeholders to further understand recovery issues and community needs.

This approach reflects that regional and remote communities face unique challenges. These areas often lack the infrastructure and resources available in major metropolitan centres, making even smaller weather events disproportionately impactful. The industry's commitment, as outlined in the Insurance Industry Extreme Weather and Disaster Charter, continues to evolve.

Locally severe weather events 2024–25:

- **Muswellbrook, NSW** was impacted by multiple earthquakes between August and November 2024 which caused damage to homes and businesses and left many without power.
- **Broken Hill, NSW** experienced a severe storm in October 2024 which impacted several major transmission towers south of the town, cutting off power to thousands of residents for several weeks.
- **Casterton, Vic** was hit by a severe hailstorm in October 2024 which caused widespread damage to homes, businesses and vehicles.
- **Carinda, NSW** was impacted by intense wind and rainfall during a storm in November 2024 which left a trail of destruction across the town.
- **The Grampians, Vic** suffered several bushfires from December 2024 across its National Park. This put strain on surrounding tourism-reliant communities such as Halls Gap.
- **Harden, NSW** experienced an intense hailstorm which brought heavy rain and strong wind in February 2025, leaving hundreds with damaged property.
- **Western Queensland** received unusually heavy and widespread rainfall across March and April 2025, bringing record-breaking flooding across several towns including Stonehenge, Jundah and Windorah.

AAP Image: Grampians Fire, Victoria, December 2024.

Community consultations

Community support is essential through the response and recovery stage of extreme weather events and townhalls and other forms of community engagement are key to ensuring the Insurance Council and insurers support customers in following insurance catastrophes and significant events.

In 2024–25, the Insurance Council also coordinated dedicated Insurance Hubs in the immediate aftermath of the North Queensland Floods, which ran for 11 days, and in Taree in the aftermath of the Mid-North Coast and Hunter floods, which ran for more than two weeks.

In-person consultations

Since July 2024, the Insurance Council has coordinated 34 in-person consultations or townhalls, assisting hundreds of insurance customers.

This included four in-person events for Tropical Cyclone Jasper in December 2023 (Cat 232), six in-person events for the Christmas and New Year Storms in December 2023 (Cat 233), seven in-person events for the North Queensland Floods (SE 251), five in-person events for Ex-Tropical Cyclone Alfred (Cat 252), three in-person events for the Mid-North Coast and Hunter floods (Cat 253), and insurance hubs in Townsville and Taree.

Additionally, the Insurance Council supported community engagement for undeclared events, with one in-person event for the Harden hailstorm, two community meetings in Halls Gap, and four in-person events for the Casterton hailstorm.

The events take place as either one-on-one consultations, or townhalls with representatives of the Australian Financial Complaints Authority (AFCA) and Legal Aid typically in attendance, providing valuable information about legal rights and complaints processes.

Community feedback themes

The aim of the Insurance Council's post-catastrophe community engagement is to help insurance customers as they navigate the insurance claim process. Across our consultations since July 2024, a number of consistent themes were identified:

- Insurer communications and claim management
- Scope of works (building repairs and settlements)
- Temporary accommodation
- Like for right versus like for like repairs
- Complaints process
- Specialist reports

Insurance customer events

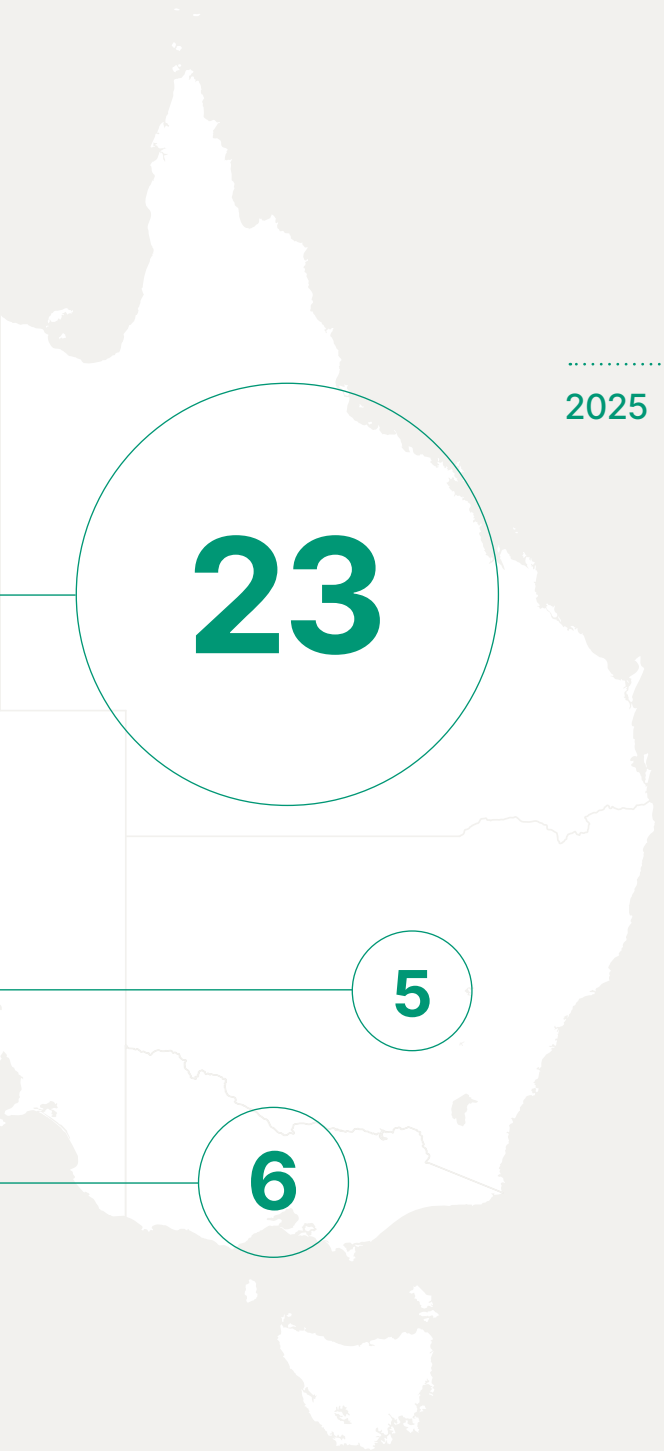
Queensland

New South Wales

Victoria

34
in-person events

- One-on-one consultations
- In-person townhall
- Community meeting



2024

3 September	**Cat 232** Cairns
4 September	**Cat 232** Port Douglas
11 September	**Cat 233** Upper Coomera
12 September	**Cat 233** Jimboomba
13 September	**Cat 233** Tamborine
26 November	**Cat 232** Cairns
27 November	**Cat 232** Port Douglas
3 December	**Cat 233** Jimboomba
4 December	**Cat 233** Upper Coomera
5 December	**Cat 233** Tamborine Mountain

2025

14 January	Halls Gap
5–15 February	**SE 251** Townsville Insurance Hub
20 March	**SE 251** Ingham
2 April	Casterton
3 April	Halls Gap
29 April	**SE 251** Cardwell
30 April	**SE 251** Ingham
15 May	**Cat 252** Hervey Bay
27 May–13 June	**Cat 235** Taree Insurance Hub
3 July	Casterton
4 July	Casterton
29 July	**SE 251** Cardwell
30 July	**SE 251** Ingham
31 July	**SE 251** Townsville
6–7 August	Harden
19 August	**Cat 252** Hervey Bay
21 August	**Cat 252** Wellington Point
22 August	**Cat 252** Upper Coomera
16 September	**Cat 253** Kempsey
17 September	**Cat 253** Taree Consultations
18 September	**Cat 253** Port Macquarie

Improving outcomes for customers

The record-breaking floods of 2022, particularly the February-March floods categorised by insurers as Cat 221, tested insurers like never before.

In the aftermath, insurers led the way in examining their own systems, process, procedures and cultures, commissioning Deloitte to undertake an independent review that led to seven broad recommendations.

The industry was an active participant in the Parliamentary Flood Inquiry and Independent Code Review that followed, acknowledging that systems, processes and resourcing did not always meet the expectations or needs of customers as they progressed through their claims process.

To address these issues, insurers took significant steps to uplift their systems and processes to better support their customers and people. While progress has been made, more work always lies ahead. Our commitments to improve processes and the customer experience are set out in the General Insurance Industry Action Plan.

Key initiatives in response to recent reviews

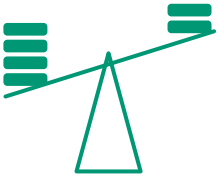
Improving information provision

Insurers and the Insurance Council are doing more to improve the provision of information to impacted customers and local stakeholders following extreme weather events, speaking at or hosting 34 in-person community events since 1 July 2024 alone.

Helping consumers better compare

Insurers are helping consumers better compare insurance products by supporting standard definitions for maintenance and wear-and-tear and working with Treasury on its consideration of the standardisation of some natural peril definitions.

The industry has supported the development of the Resilient Building Council's Bushfire Resilience Rating App which measures the resilience of individual homes to local bushfire risk. This empowers customers by providing better information and tools to make informed decisions about cover, premiums and natural disasters. The use of this app now provides a discount from some insurers.



Rewrite the Code of Practice

The Insurance Council and insurers are moving to the next stage of the development of a new General Insurance Code of Practice, with a redrafted Code that is consumer-centric, modern, fit-for-purpose, and contractually enforceable.

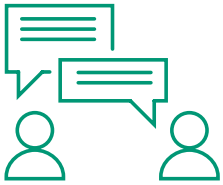
Public consultation is expected to take place in the first half of 2026 with the Code expected to be lodged with ASIC for approval in the second half of 2026. The current Code will remain in place in the interim.

Surge workforce

The insurance sector's ability to respond effectively to natural disasters will continue to be tested by the increasing frequency, scale and complexity of events. To meet this challenge, insurers are investing in workforce planning, disaster resource modelling, and surge capacity strategies to ensure continuity of operations and timely customer support.

The response to Cyclone Alfred demonstrated the sector's growing capability in managing surge events. Ahead of the cyclone making landfall, insurers pre-emptively contacted more than 250,000 customers in south-east Queensland and northern New South Wales with preparedness advice and claims guidance. Insurers rapidly scaled up claims handling capacity, pre-booked emergency accommodation, and mobilised networks of builders and suppliers in potentially impacted regions.

These efforts highlight the importance of ongoing investment in surge workforce readiness and resource mobilisation.



Vulnerability framework

The Insurance Council is developing a comprehensive industry framework to support customers experiencing vulnerability and intends to include vulnerability definitions and specific insurer obligations for vulnerable customers as part of the rewritten Code.

In developing a fit-for-purpose, contemporary framework, this work recognises that disasters – such as floods, bushfires and cyclones – can shift the nature, scale and urgency of vulnerability amongst insurance customers.

Expert report best practice standard

In August 2023, the Insurance Council published an expert report best practice standard, which responded to the concerns outlined by the Flood Inquiry on the use expert reports when considering a claim. The report will support consistency when insurers are using reports by experts such as hydrologists, engineers, builders, or specialist tradespeople. The standard outlines what insurers must and should consider when commissioning an expert, the role of the claimant and plain English standards, among other customer considerations.

Industry Event Response Charter

Following recommendations from the Deloitte Report, the Insurance Council finalised its *Extreme Weather and Disaster Response Charter* and accompanying planning guide in October and December 2024 respectively. This framework outlines how the general insurance industry will prioritise, plan, and deliver comprehensive responses to extreme weather events and disasters.

This charter and playbook codifies our existing response activities and builds on them with lessons learned from the last several years of extreme weather events. It is a resource that will progressively be reviewed in consultation with member representatives specialising in catastrophe operations.

This resource addresses the unique challenges of large-scale extreme weather events, which typically generate a rapid influx in claims and widespread community impacts through infrastructure disruption and supply chain effects.

Keep up to date on our progress

Policy recommendations

Worsening extreme weather, population growth, ongoing development in at-risk locations, rising asset values, labour and supply chain shortages, and taxes on insurance are all placing significant upward pressure on insurance premiums. These pressures are most acutely felt by those facing the greatest risks from extreme weather. As a result, the gap between those with adequate insurance and those without is widening – leaving more Australians vulnerable and increasing demands on public resources.

As an industry that prices risk, insurers recognise that sustainable solutions require addressing root causes. This means investing in targeted mitigation infrastructure, funding programs and subsidies for retrofitting and house-raising, strengthening building codes for more resilient homes, and better land-use planning to prevent development in high-risk areas.

Federal, state and territory governments can improve Australia's resilience to future disasters and in doing so, better protect communities and the economy.

Federal, state and territory governments should:

- Establish a Flood Defence Fund at a cost of $30.15 billion over ten years to protect Australia's most at-risk communities.
- Increase investment in resilience and mitigation funding, as part of a 10-year rolling program with indexed funding to reduce risk.
- Reform unfair state taxes and levies on insurance products that increase the cost of insurance.
- Standardise natural disaster recovery arrangements and implement the Colvin Review recommendations.
- Prevent development of homes in high-risk locations through a national planning standard that considers disaster and climate risk.
- Strengthen building standards to ensure new homes can withstand extreme weather events.
- Fund improved data standards to help inform resilience mitigation and put downward pressure on premiums.

Support those most in need

Flood Defence Fund

Floods pose a critical threat to Australia. Around 1.36 million properties are at risk of flooding, and it is estimated that half of these properties fall short of the flood resilience measures of modern planning and building standards.

Flood risk and financial vulnerability and hardship often go hand in hand. Around 70 per cent of households exposed to the highest flood risk are in areas where the median income is below the national median ($92,000), and around 35 per cent of these households are in areas where the median income is below the poverty line ($58,000).

The greatest flood risk is concentrated along Australia's east coast, with 24 priority catchments identified due to their extreme flood risk to nearby communities and their suitability for targeted risk reduction measures.

To reduce risk and better protect communities most at risk, the Insurance Council is calling for the creation of a Flood Defence Fund, at a cost of $30.15 billion over ten years, shared by the Federal Government and the state governments of Queensland, New South Wales and Victoria, the states with the vast majority of highly exposed flood properties.

This investment would:

- Deliver new critical flood defence infrastructure ($15 billion)
- Strengthen properties in harm's way ($5 billion)
- Fund managed relocation and buy-backs ($10 billion)
- Future-proof existing flood mitigation infrastructure ($150 million)

Analysis undertaken by the Centre for International Economics for the Insurance Council has found that flood levees or upgrades can provide benefits that are often worth twice their cost, and in some cases offer returns five times the initial investment.

Priority catchments

Queensland

Brisbane River
Burnett River
Condamine-Culgoa Rivers
Fitzroy River
Logan-Albert Rivers
Maroochy River
Mulgrave-Russell Rivers
Pine River
Pioneer River
Ross River
South Coast

New South Wales

Clarence River
Hawkesbury River
Hunter River
Macquarie-Tuggerah Lakes
Murray Riverina
Murrumbidgee River
Namoi River
Richmond River
Sydney Coast-George River
Tweed River
Wollongong Coast

Victoria

Goulburn River
Yarra River

Policy recommendations

Reduce the cost of insurance

Abolish insurance taxes

After peril risk, the second biggest component of the cost of insurance premiums is taxation and the most effective and immediate way to reduce insurance premiums is the abolition of taxes on insurance products.

Depending on the state or territory, government taxes and charges – stamp duty, GST and emergency or fire services levies – can add 20 to 40 per cent to the cost of the premium, which leads to underinsurance or non-insurance.

Commendably, the New South Wales Government is currently undertaking a process to remove its Emergency Services Levy from insurance, however all states and territories other than the Australian Capital Territory add stamp duty of around ten percent to insurance premiums.

Excluding the GST, in 2024–25 states and territories collected $8.9 billion in taxes from insurance customers, which was $1.6 billion more than insurers made in profit that year. Abolishing these taxes as soon as possible is the most direct way to improve the availability and affordability of insurance.

Defend critical infrastructure

Strengthen the Disaster Ready Fund

Given the long-term challenges posed by worsening extreme weather in Australia, investment in disaster resilience will clearly be required well beyond the 2028–29 end date for budgeted Disaster Ready Fund spending.

To enable communities and governments to plan and develop a pipeline of these investments Commonwealth disaster mitigation funding must move to a rolling ten-year program.

A ten-year program would provide much needed certainty and enable communities, insurers, and governments at all levels to develop a long-term, high-quality pipeline of projects that targets high risk areas, delivers the best return on investment, and puts downward pressure on premiums. Funding should also be indexed from 2024–25 so it does not fall in real terms, as will occur under current arrangements.

The Government should prioritise hard infrastructure projects under the Disaster Ready Fund that directly reduce the risk to Australian communities. While smaller-scale projects can deliver important benefits to communities, larger scale projects, particularly above the $10 million threshold, can meaningfully drive down risk and assist in moderating insurance premiums.

Improve disaster response and funding arrangements

As extreme weather events become more frequent and severe, it is crucial that governments at all levels work with the insurance industry to improve and better coordinate disaster response and recovery processes. Recovery arrangements at all levels of government should include pre-event consultation on disaster relief, recovery, and resilience funding policies to ensure equity and streamline delivery.

Sharing data among all relevant agencies is also crucial to providing a unified operational view and improve decision-making. The findings of the Independent Review of Commonwealth Disaster Funding (known as the Colvin Review) highlighted the need for clear objectives, accountability, and coordination in Commonwealth disaster funding arrangements. Implementing these reforms is essential for effective disaster funding and national resilience.

Future proof Australia

Better land use planning

Too many homes are in the direct line of flood, fire, or at risk from the sea, because at the time of planning and approval not enough account was given to the extreme weather risk.

The impact of historical land use planning decisions and urbanisation is having significant consequences today. The Insurance Council strongly supports the agreement of National Cabinet in December 2022 that "the days of developing on floodplains need to end". Moving from this agreement to specific policies and clear direction is now a matter of urgency and requires significant effort.

As the population increases, the pressure for new houses to be built in higher risk areas will grow. The threshold of acceptable risk needs to be reconsidered and the consequence of extreme weather, not just the probability, taken into consideration.

Insurers support the development of a national standard that considers disaster and climate risk as part of land use planning and building reform processes, with future development based on a tiered approach based on risk. This tiered approach would prioritise housing in low to medium risk zones and prohibit development in high-risk zones.

Improve building resilience

The Federal Government's recent announcement to temporarily freeze regular reviews of the National Construction Code will impact on the ability of the Australian Building Codes Board to progress work which was agreed to in 2024 by building ministers to include building resilience as a specific objective of the Australian Building Codes Board (ABCB) from 2025.

The Insurance Council believes new buildings must be constructed to keep pace with worsening extreme weather. Buildings being constructed today will potentially experience more intense and frequent events, as well as in different locations to where provisions might apply today.

Analysis undertaken by the Centre for International Economics (CIE) for the Insurance Council has found that strengthening the NCC to require that new homes are made more resilient to extreme weather could save an estimated $4 billion a year, comprising an estimated $2 billion per year for cyclones, $1.475 billion per year for floods, and $486 million per year for bushfires.

The Insurance Council therefore encourages all governments to engage with industry groups, including the insurance industry, to examine practical measures to enhance the resilience of Australia's future housing stock, including considering the role of future codes and standards.

National hazard database

A robust, national hazard database that streamlines existing national, state and territory datasets and that is accessible to all levels of government, industry and the public is crucial for improving understanding of climate risk.

The Australian Climate Service and National Emergency Management Agency's current development of a national hazard data asset with insurers will help better inform land use planning, building codes and standards, and understanding of current and future hazard risk.

Federal Government funding, in partnership with states and territories, alongside prioritising collaboration with industry, will be critical to accelerating this work.

	Reduce risk	Protect community	Cost relief	Support economy
Protect Australians from flood	✓	✓	✓	✓
Abolish insurance taxes		✓	✓	✓
Strengthen disaster ready fund	✓	✓	✓	✓
Improved disaster response and recovery arrangements		✓	✓	✓
Better land use planning	✓	✓	✓	✓
Improve building resilience	✓	✓		✓
Establish national hazard database	✓	✓		✓

Insurance Council of Australia

The Insurance Council of Australia is the representative body for the general insurance industry of Australia. Our members represent approximately 90 per cent of total premium income written by private sector general insurers, spanning both insurers and reinsurers.

General insurance has a critical role in the economy, insulating individuals and businesses from the financial impact of loss or damage to their insured assets.

Our work with our members, consumer groups and all levels of government serves to support consumers and communities when they need it most.

We believe an insurable Australia is a resilient Australia – and it's our purpose to be the voice for a resilient Australia.

insurancecouncil.com.au