

9 October 2025

ICA Chair Address: Steve Johnston

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Good morning and thank you for joining us at the Insurance Council's 2025 Annual conference.

I acknowledge the Traditional Custodians of the land on which we meet and pay respects to Elders past and present.

I'd like to begin by welcoming the many distinguished guests joining us today and for this conference.

Also, welcome to the leaders and team members of the participating companies that collectively make up the ICA.

While we are the fiercest of competitors on the field, when we come together around the ICA table, we share a responsibility to act collectively and to achieve constructive outcomes on behalf of the customers and communities we serve.

It's fair to say that at times over the past decade or more the reputation of the ICA has been called to question by some of the stakeholders we serve.

I'm pleased to report that under Andrew's leadership, and with the participation of the CEO's of our member companies, the ICA is now more relevant than ever and is the go-to body when the views of the industry are sought.

I congratulate Andrew, my predecessor Nick Hawkins, and the ICA team for leading this turnaround.

Most recently we have seen the collective efforts of the ICA and its members on full display. Many of us have recently returned from a delegation to the UK and Europe with the new Assistant Treasurer, Dr Daniel Mulino. This is a reprise of a similar venture undertaken a couple of years ago with Dr Mulino's predecessor, Stephen Jones. Except this time, almost every insurance CEO was in attendance.

For three days we put aside our individual team colours and donned the Insurance Industry and team Australia livery. Member companies, big and small, united to explore and engage insights from around the world - all designed to improve how we do things at home.

We learnt a lot about what works and what doesn't but, most importantly, we observed that the industry in Australia remains dependent on a complex global ecosystem of capital allocation. And we remain in fierce competition for that capital. There were many insights from this visit that will eventually find their way into legislation or regulation and the constructive engagement of the Minister with a united industry will certainly improve the quality of that public policy.

The past five years have been a challenging time for our industry. The post COVID economic distortions, the hyperinflation, and the once in a generation reset in global reinsurance markets have collectively challenged the industry unlike any other period in recent history. And while some of these factors may come and go, the one constant is the trajectory of our climate and its impact on our sub-standard built environment.

2022 was a defining period for the industry and an insight into what awaits us. The series of flooding events that caused havoc across the east coast of Australia exposed weaknesses in our processes and approach. For too long we were content to pat ourselves on the back for the 98% of claimants that

we had satisfactorily resolved. We didn't spend enough time on the 2% of claims that were outstanding, often for up to 18 months or longer. 2% of a big number, is still a big number and sufficient to draw the attention of the nation's politicians and regulators.

What followed was an uncomfortable Parliamentary expose where little or no weight was given to the volume, geographical spread and complexity of claims on foot. Essentially, we were put on notice by the highest court in the land. While there is still much that needs to be done there is no question that our industry has responded well. All industry participants have made the investments that will substantially improve our preparedness and response to future events of this magnitude.

At the core of this response is the long overdue rewrite of the General Insurance Industry Code of Practice. Rewriting the Code and establishing enforceability mechanisms will be a defining moment for the industry. It will necessarily involve widespread consultation, good will and a preparedness for our members to accept some give and take. Precision will be a high hurdle for the industry, however, a meaningful advancement and contemporisation of our practices, with enforcement provisions built in, will be a worthy objective. I can assure you the development of a new code is at the forefront of the ICA program of work for the remainder of this year and through calendar 2026.

Let me briefly and succinctly talk to the other key issues that demand ICA advocacy.

Building a more resilient Australia has been the centrepiece of the ICA, and its members', advocacy for many years. We have certainly made inroads in elevating this issue to the national stage - but we are a long way from being done. Unfortunately, over more than a century, our planning laws have exposed some of our citizens to unacceptable risk. Put simply, we have allowed too many to buy and build in areas where they should never have been allowed to buy or build. And as we seek to solve the emerging issue of housing availability, we risk doing it all over again. This is truly an inter jurisdictional issue both geographically and constitutionally. Local and State Governments, have primary responsibility for land planning and approvals, yet when things go wrong the Commonwealth bears the cost as the insurer of last resort. Insurers, banks, alternative credit, community groups and welfare providers all have a role to play.

Building a more resilient Australia will involve some tough decisions and prioritisation. Even though federal and state budgets now allocate more to resilience projects than ever before we still spend more than 90% mopping up after disasters and less than 10% preparing for them. In my view we must move this to 50/50 over time by dusting off projects sitting on shelves and inspiring new ones.

And we must stare into the inevitable - that is that there are some homes and communities that can never be made resilient enough to withstand the changing climate. In these cases, we need to consider moving homes or in some cases communities to higher and safer ground. In New Zealand it's called managed retreat, and it will need to be part of the solution, as unpalatable as it is.

But not all the solutions to this vexed problem sit with the taxpayer. We, the industry, have an important role to play. It's time for insurance to modernise, for products to be designed to meet the needs of customers in areas where traditional products simply can't respond. Many of us, me included, criticised the concept of a cyclone reinsurance pool yet failed to provide an alternative to ensure an important part of our nation retained essential cover. Where we can't find a way to meet the needs of our customers, we shouldn't be surprised if the government steps in on our behalf. Going forward, we need to work constructively with government on solutions. We need to innovate at pace, and we need to be able to recognise risk mitigation and resilience in pricing.

It's in this spirit the industry stands ready to work with Government on solutions to the affordability challenges facing customers in our most exposed geographies. Our social license dictates we cannot be an industry for 70 or 80 percent of the population. Through our own efforts, and in partnership with the Government, we must strive to provide affordable insurance for all our citizens.

Another key agenda item for our industry, and closely related to the affordability challenge, is tax reform. The emphatic re-election of the Albanese Government and largely established and electorally settled State Governments has opened the door to a once in a generation opportunity to address the regressive nature of taxes imposed on insurance products.

It's inconceivable that those people I mentioned earlier, who are most exposed to risk through no fault of their own, should have that exposure compounded through a proportional tax regime, including GST, stamp duty and emergency service levies.

State Governments collected around \$9 billion in insurance taxes last financial year and cannot afford to forgo such revenues given the demands on the expenditure side of their budgets. The only solution, therefore, is to consume the removal of these regressive taxes within a root and branch reform of our tax system. And as I said the window for such reform is now open and it should be taken.

So in conclusion, our agenda is clear. Continuing to advance the case for resilience and mitigation, partnering to address the affordability challenge, innovating around new product design, updating the code and arguing for tax reform are the key pillars of the ICA strategy.

Through adversity we have proven the value of our industry and its key role in driving national prosperity. We now have a voice at the table, and we plan to make it heard.

Thank you.

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