



News release

Insurance Council
of Australia

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Renewed calls for climate resilience funding on Alfred anniversary

The Insurance Council of Australia has called for urgent climate resilience investment as communities mark one year since Tropical Cyclone Alfred caused \$1.5 billion in insured damages and an estimated \$2.7 billion in total economic losses.

In the lead-up to the Federal Budget, insurers are calling on the Federal Government to deliver an ambitious uplift in climate resilience, consistent with the National Climate Risk Assessment warnings released by the Government in September last year.

That assessment warned that extreme weather events will become more frequent, severe, and costly, with disaster recovery spending projected to increase almost seven-fold without urgent action.

Across all severe and catastrophic extreme weather events since 2022, total insured losses reached \$15.4 billion, while total economic costs are estimated to be around \$28 billion.

Large flood events since 2022 have generated \$12.9 billion in insured losses and an estimated \$23 billion in total economic costs, which are borne disproportionately by the communities least able to absorb them.

Despite a significant uplift since 2022, investment in adaptation infrastructure that would reduce future losses is failing to keep up with the size of the escalating risk.

Over this period, investment through the Disaster Ready Fund represents just \$1 for every \$39 lost to extreme weather.

The Insurance Council has put forward solutions that would protect communities from worsening extreme weather, prevent unnecessary and ongoing economic and productivity losses, and close the widening protection gap between those who can and cannot afford insurance.

Its pre-budget submission calls on the government to:

1. **Establish a Flood Defence Fund** backed by \$30 billion co-invested by federal and state governments over 10 years, to build the hard infrastructure needed to prevent flooding in Australia's highest-risk communities, strengthen homes, and buy back homes where no other mitigation measure is possible.
2. **Finalise a national hazard baseline to target resilience investment and inform land use planning**, with ongoing funding and a commitment to making data publicly available for use by local governments, insurers, businesses and homeowners.
3. **Incentivise state and territory governments to abolish unproductive taxes** on general insurance products, providing immediate cost-of-living relief and shifting the tax burden toward less distortionary revenue sources.

Quotes attributable to ICA CEO, Andrew Hall:

Tropical Cyclone Alfred weakened before making landfall but despite that it still caused widespread damage.

The next event is not a matter of if but when, and every budget that passes without serious investment is a gamble with Australian lives and livelihoods.

Every dollar we spend rebuilding the same home after the same flood is a dollar we're not spending building new ones.

The Insurance Council has been working with the Federal Government on progressing solutions and commends Minister Dr Daniel Mulino on his commitment to tackling this challenge.

The Disaster Ready Fund and National Climate Risk Assessment show the Government understands the problem, the May budget is the opportunity to match that understanding with the scale of investment required.

ENDS

Note for media

The Insurance Council's budget submission is available [here](#).

Analysis by the Insurance Council identified 41 federal electorates across 24 river catchments that face the most severe or extreme risk of flooding in Australia, these are:

Banks | Barton | Brisbane | Capricornia | Cook | Cunningham | Dawson | Dickson | Dobell | Eden-Monaro | Fairfax | Farrer | Flynn | Forde | Gilmore | Griffith | Groom | Herbert | Hinkler | Hunter | Kooyong | Leichhardt | Maranoa | Macquarie | McEwen | Melbourne | Moreton | New England | Nicholls | Page | Parkes | Paterson | Petrie | Rankin | Richmond | Riverina | Robertson | Ryan | Shortland | Whitlam | Wright

Additional stats:

- Tropical Cyclone Alfred resulted in 132,400 insurance claims – 120,000 of those were in Queensland.
- Since the severe flooding of 2022, the general insurance industry has repaired or rebuilt more than 396,500 residential buildings at a cost of \$9.8 billion.
- A new house costs 47 per cent more than before the pandemic, a cost that must be reflected in premiums. (Source: ABS figures from Master Builders Australia)
- Australia's National Climate Risk Assessment (NCRA) estimates that the cost of disaster recovery is expected to increase dramatically to more than \$40 billion a year by 2050.
- State governments collected \$8.9 billion in FY25 in taxes on insurance products, but the amount spent on mitigating the impact of extreme weather is nowhere near this.