Insurance Council of Australia

15 July 2026

Submitted via website: [Victoria's draft Adaptation Action Plans 2027-31 | Engage Victoria]

## Draft Built Environment Adaptation Action Plan 2027–31

The Insurance Council of Australia (Insurance Council) welcomes the opportunity to provide feedback on the Victorian Government's *Draft Built Environment Adaptation Action Plan 2027–31*. The Insurance Council is the representative body of Australia's general insurance industry. Our members account for approximately 90 per cent of total premium written by general insurers and reinsurers. As a foundational component of the Australian economy, the general insurance industry writes 90 million policies a year, paying out $58.9 billion in claims in 2025 – an average of $226 million every working day.

The extreme weather events experienced by Victoria in recent years underline the importance of improving our resilience in the face of a changing climate. The most recent, and severe of these extreme weather events was the Victorian bushfires in early 2026. Known within the insurance industry as Insurance Catastrophe 261 (CAT261), this extreme weather resulted in significant damage to regional communities across the state. As of July 2026, the bushfires have incurred $597 million in damage to homes, vehicles and commercial properties insured by Insurance Council members, spread across 4,827 claims. Flooding also poses a critical threat, with around 1.36 million properties at risk of flooding in Australia and the greatest flood risk concentrated along the nation's east coast in New South Wales, Queensland and Victoria. Insurers have identified the 24 priority catchments across these states where the flood risk to communities is at its highest, and the risk can be effectively mitigated by targeted flood resilience measures, with Victoria's Goulburn and Yarra River catchments a key focus in the state.

The Insurance Council broadly supports the four actions and underlying priorities outlined in the draft plan, particularly the focus on embedding climate risk in decision-making, improving risk information, strengthening recovery frameworks, and advocating for national reform. These actions represent an important shift toward more proactive and coordinated adaptation across the built environment system. However, the plan could be strengthened in several key areas. These are outlined in more detail below.

### Industry - Government collaboration on resilience

Insurers recognise that strengthening resilience is essential not only to reducing the physical impacts of disasters, but also to improving the insurability of high-risk properties and enabling faster, more efficient recovery for communities. These outcomes cannot be achieved by industry or government alone. Rather, they require coordinated, long-term collaboration that brings together public investment, private sector expertise and community engagement. It also requires engagement across all levels of Government.

This is why the Insurance Council is advocating for the establishment of a [Flood Defence Fund] - a $30 billion, 10-year program jointly funded by federal and state governments of Victoria, Queensland and New South Wales - to deliver large-scale, systemic risk reduction. Flooding poses a critical and growing threat, with around 1.36 million properties at risk nationally, including nearly 300,000 facing a high likelihood of flooding each year. Of these, around 20,000 homes and 7,000 commercial properties in Victoria are subject to severe or extreme flood risk[1], and this exposure is expected to increase as climate change drives more frequent and intense rainfall events.

The proposed Fund would support a comprehensive package of measures, including new flood mitigation infrastructure, targeted household resilience programs, and buybacks or relocation for the most at-risk properties. By focusing on reducing or removing risk at its source, the Fund reflects a sustainable pathway to protecting established communities in harm's way, while also moderating insurance premiums over time.

Evidence from across Australia demonstrates that mitigation works. Investments in flood infrastructure have delivered measurable reductions in risk, insurance premiums and recovery costs. For example, the construction of levees in Roma, Queensland, has reduced insurance premiums by up to 60 per cent for many properties and as much as 90 per cent in some cases. Similarly, a $58 million levee investment in Launceston, Tasmania, has been estimated to avoid around $216 million in recovery costs.

The insurance industry is ready to play an active role in partnering with the Victorian Government to deliver this reform. Insurers bring deep expertise in risk assessment, modelling and pricing, and can help governments target investment where it will have the greatest impact.

**Establishing a Resilient Homes Program**

The Insurance Council and its members strongly recommend strengthening the draft plan by including direct investment in reducing risk at the household level via a dedicated resilient homes program. Such a program should target high-risk areas, prioritise vulnerable households, and include buybacks where mitigation is not viable. It should align with established programs in New South Wales and Queensland and support a mix of retrofitting, house raising, relocation and voluntary buybacks to deliver meaningful and sustained reductions in risk.

In New South Wales, the Resilient Homes Program ($880 million) offers funding to buy back homes at high risk, as well as funding to make homes more resilient to future floods. In Queensland under the Resilient Homes Fund ($741 million), people can apply for funding to repair, raise, or demolish and rebuild or relocate their flood-affected homes. This includes voluntary buy-back for the most severely impacted homes and those at the greatest risk of future flooding (currently closed); repair or retrofitting homes; incorporating flood resilient design and materials in liveable rooms or areas; and/or raising or relocating services essential to the continued liveability of the home.

These initiatives have demonstrated strong demand and proven effectiveness in reducing exposure to flood risk. Over the long term, every dollar invested in mitigation can deliver significant savings - avoiding around $9 to $10 in future disaster recovery costs - by reducing the need for rebuilding and large-scale clean-up. Investing upfront to reduce risk is also the most effective way to ease pressure on insurance premiums and help close the protection gap.

With the establishment of a Resilient Homes program in Victoria, the Government would also have an opportunity to consider how the program may assist not just flood-affected properties but to also consider the benefits of including existing homes in bushfire-prone communities, particularly those built before contemporary resilience standards. A government-supported retrofit program could help homeowners upgrade properties to achieve a recognised resilience rating, such as through the Building Resilience Council's (RBC) bushfire assessment framework. With around half of Australia's

[1] Insurance Council of Australia, Advancing Australia's Resilience Policy recommendations for the next Australian Government, 2025

home insurance market now recognising RBC certified bushfire mitigation in premium pricing, such upgrades could improve the resilience of existing housing stock, reduce future disaster losses and recovery costs, and support insurance premium reductions for households that demonstrate reduced risk.

### Improving debris management and clean-up arrangements

The Insurance Council welcomes the Victorian Government prioritising efforts to improve emergency management and preparedness. Debris management and clean-up arrangements require urgent improvement. Victoria cannot afford fragmented responses in a disaster environment where rapid locally led recovery and resilience are objectives.

The Insurance Council has always had a constructive operational relationship with Emergency Recovery Victoria (ERV) in disaster response and in August 2025 the Insurance Council and Department of Treasury and Finance (DTF) entered a *Memorandum of Understanding (MoU)* regarding coordinated disaster response (Emergency Recovery Victoria (ERV) being the lead agency in recovery). The MoU covers key recovery matters including data sharing, joint planning, and improved collaboration on relief and response decisions to ensure communities receive timely, accurate and consistent support during emergencies.

The Insurance Council's expectation is that the MoU will inform how recovery arrangements are managed and determined and will be the key governing document. Our submission to the Inquiry into the 2026 summer bushfires across Victoria outlines the lessons from this event which must be translated into practical and actionable policy that shifts Victoria from fragmented, reactive recovery to a pre-planned, government-led, system-wide recovery model that integrates clean-up, insurance, rebuilding and resilience from day one.[2]

While the Insurance Council welcomes the Victorian Government prioritising efforts to improve emergency management, our position is that any arrangements in the draft plan need to align with the MoU.

### A nationally consistent approach to accessible multi-hazard information

The Insurance Council welcomes the Victorian Government prioritising efforts to provide accessible, multi-hazard information and practical guidance to help households, communities and industry better understand climate risks affecting homes and buildings.

Uplifting hazard information and literacy across the state is welcome. There is further opportunity, based on  experiences in other markets globally, to ensure this view of risk feeds into a nationally consistent approach to hazard data, led by the Commonwealth Government and the Australian Climate Service. Developing a robust, integrated national hazard baseline - streamlining existing Commonwealth, state and territory datasets and making them publicly accessible - would significantly improve the consistency and quality of climate risk information across Australia. It would also enable the Australian public to have a clear view of their hazard risk. Each state and territory has an enabling role to play in uplifting Australia's sovereign hazard data capability.

### Sharing Flood Information to Understand Risk

Knowledge about the nature and extent of flood risk is an essential part of living in flood prone areas. Insurers have been working proactively with all levels of government, as well as private entities, to

[2] Insurance Council of Australia, Submission to the Inquiry into the 2026 summer bushfires across Victoria, 2026

access flood hazard information to inform insurers understanding of flood risk and to ensure that flood cover can be made as widely available as possible. Where information is not accurate or not available, insurers are either unable to offer premiums that accurately reflect the nature of the flooding for the location, or they may need to refer to alternative methods for estimating the risk.

We encourage the Victorian Government to work with local councils to help facilitate the provision of accurate and timely flood information modelling into the NFID, to enable insurers to use this data for accurate premium pricing.

**Strengthen land use planning for current and future homes**

The Insurance Council welcomes the Victorian Government prioritising efforts to embed climate risk in built environment decision-making processes to ensure government and development outcomes respond to current and future climate hazards.

The Insurance Council is a strong advocate for a risk-based planning approach for all potential climate hazards, ideally using a common national approach to classifying land by current and future climate and disaster risk. Risk should be central to planning decisions, and we encourage governments to explicitly consider both the likelihood of a hazard occurring and the consequences for people, property and infrastructure.

In this regard, we encourage the Victorian Government to examine opportunities to align its planning framework to the NSW State Environmental Planning Policy (SEPP). which places a heavy emphasis on integrating future climate risk into land use planning and development assessments. ICA believes the SEPP should serve as a template for other jurisdictions to better incorporate a risk-based approach to planning in the own jurisdictions. The draft plan should be explicit that Victorian Local Governments, directed through the State Planning Policy Framework, will take account of evidence-based climate projections to ensure planning decisions are risk-based, informed by relevant information and data that project how events may change in the future.

The impact of climate hazard risk on insurance pricing is clear, with properties located in floodplains or bushfire-exposed areas more likely to experience claims. And while the Insurance Council supports efforts to boost housing supply in Victoria and help address the national housing crisis, this should not come at the cost of homes being poorly located, therefore increasing their exposure to known and projected climate hazards.

**Prioritise adaptation investment based on risk reduction outcomes, ensuring funding is directed to the highest impact outcomes**

The Victorian Government should adopt a risk-based approach to adaptation investment, considering the full range of available measures, including hard infrastructure, non-structural measures and nature-based solutions where appropriate. Resilience funding is most effective when directed toward projects that materially reduce underlying risk for communities and businesses. Investment decisions should be informed by the best available hazard and built environment data, with input from key stakeholders, including insurers, to ensure projects deliver meaningful risk reduction and improved insurability outcomes.

In the Insurance Council's *Advancing Australia's Resilience* report[3], we propose a four-pronged approach to flood resilience:

---

[3] Insurance Council of Australia, Advancing Australia's Resilience Policy recommendations for the next Australian Government, 2025

Insurance Council
of Australia

1. **Deliver new critical flood infrastructure** such as levees and dams in highly populated areas.
2. **Strengthen at-risk properties** through measures such as house raising where community-wide infrastructure is less viable.
3. **Support managed relocations and buy-backs** in areas where risks to life and property cannot be effectively mitigated.
4. **Maintain and upgrade existing flood mitigation infrastructure** to preserve protection levels and avoid escalating risks and costs.

Early engagement with the insurance sector can help assess the impact of mitigation investments on risk and insurability. To ensure resilience investments are reflected in insurance pricing, the benefits of mitigation should be modelled and incorporated into hazard mapping and risk assessments.

**Conclusion**

The *Draft Built Environment Adaptation Action Plan 2027–31* provides a solid foundation for strengthening Victoria's resilience to climate change. However, achieving meaningful risk reduction will require a stronger focus on household-level mitigation, improving recovery arrangements and close collaboration with industry.

If you would like to discuss the issues outlined in this submission, please contact Ange Nichols, Senior Adviser Climate Change at ange.nichols@insurancecouncil.com.au.

Yours sincerely

**Andrew Hall**
Executive Director & CEO