Insurance Council of Australia

Insurance Catastrophe Resilience Report
2025–26

Catastrophe and Significant Event numbering

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

As the Victorian Bushfires were the first event declared an Insurance Catastrophe in 2026, it is known as Cat 261.

Significant Events are also incorporated into this numbering with the Middle East Conflict declared SE 262, the second event for 2026 – 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 2024–25 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 event 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.

The Bondi terrorist attack and the Middle East conflict demonstrated that events beyond natural disasters can have far-reaching impacts. Declaring them Significant Events helps the industry monitor claims, coordinate engagement and track the broader effects on communities and businesses.

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

The Insurance Council of Australia's sixth Insurance Catastrophe Resilience Report again highlights the intrinsic interconnectedness of the Australian insurance industry to the global economy.

While this provides a source of strength, heightened geopolitical volatility over the past year has also demonstrated how quickly risk can transcend borders, increasing costs to our communities, businesses and economy. This places an even greater onus on insurers and governments to address insurance affordability and accessibility challenges with urgency, through a national focus on practical measures that reduce the risk and exposure of Australians to extreme weather.

As a global industry, insurance supports everything around us: the family home, the local business, the cargo crossing an ocean and the town rebuilding after a flood. Insurance prices and carries risk, providing the financial capacity to help people and communities recover when the worst happens. Its global reach brings benefits but can also leave us impacted by the consequences of events far beyond our shores as we've experienced this year.

The Middle East conflict disrupted travel, fuel supplies and trade, adding to a persistent undercurrent of economic uncertainty. Inflation, which had been easing, began to rise again. Australians felt those pressures at the petrol pump, at the checkout, in their energy bills and also in their insurance premiums. For insurers, inflation is driven by the materials needed to rebuild a home, the parts needed to repair a damaged vehicle, and the cost of labour required to fix our customers' property.

According to Cotality's Cordell Construction Cost Index from 2021 year to 2026 year, the cost of building has clearly outpaced everyday inflation. Nationally, the index rose around 30 per cent over the five years to 2026, against CPI growth of about 24 per cent over the same period – with specific items like roof tiles rising 77 per cent over this period – well over triple the rate of CPI.

When those costs rise, so too does the cost of providing protection, with increases flowing through to premiums at a time when many household budgets are struggling to absorb them.

When insurance becomes harder to afford, the risk does not disappear. People and communities are simply left more exposed, with the wider cost ultimately shared by all Australians.

The breadth of risk confronting Australia was evident throughout the year. Floods, storms, hail and bushfires occurred alongside significant events including the Bondi Beach attack and conflict in the Middle East. These events differed greatly in their causes and consequences, but together they demonstrated how quickly shocks can reach into communities, businesses and the economy.

As an industry, we cannot foresee every shock or protect communities from every consequence. But many of Australia's natural hazard risks are already well understood and reducing them requires a coordinated national effort between governments, industry and communities – built on a shared understanding of risk.

Initiatives such as the Hazards Insurance Partnership are an important foundation, but they must be supported by a national hazard database that gives governments, communities, property owners and insurers a common view of the risks we face.

Australia must sustain and strengthen investment in practical measures that reduce risk before disaster strikes. That means indexing the Disaster Ready Fund so its value is not eroded over time, investing in large-scale flood defence infrastructure, improving land-use planning, expanding buyback and relocation programs where risk cannot be adequately reduced, and supporting stronger, more resilient homes.

These measures are not simply about lowering the cost of disasters. They are investments in Australia's long-term economic and social resilience, helping to protect communities, preserve access to insurance and build a stronger, more secure future.

Steve Johnston
Chair

Introduction

The past year reminded us that no single peril, single season or single kind of threat defines risk in Australia today.

In 2025–26, insurers responded to seven declared events spanning floods, storms, hail and bushfire, alongside two non-weather events: the terrorist attack at Bondi Beach and the consequences for Australians of conflict in the Middle East. Together, these events generated more than 147,500 claims and $3.98 billion in insured losses, a notable increase from three events and approximately $2.2 billion the previous year.

Those figures describe the scale, but not the experience. Behind each claim is someone dealing with disruption and uncertainty: a family unable to return home, a business facing an uncertain future or a community absorbing another shock.

The year also demonstrated the many forms that risk can take. Hail and storms caused widespread damage to homes and vehicles across the east coast. Victoria endured its most significant bushfire season since the 2019–20 Black Summer fires. Concurrent flooding in Queensland and the Northern Territory isolated communities and inundated homes. Each weather event was unique in its nature, but all placed demands on the same recovery system: builders, assessors, materials, trades, supply chains and the communities waiting for help.

These pressures extend beyond individual claims. Disaster recovery draws on the same skilled workers, materials and supply chains needed to build new homes and infrastructure. As outlined on pages 8 and 9, the 409,094 catastrophe and significant event home claims received by insurers between 2022 and 2026 represent a major draw on construction capacity at a time when Australia is already struggling to meet housing demand.

Every major rebuilding effort places further pressure on that constrained capacity. These pressures are not abstract. They shape how quickly homes can be repaired, how soon businesses can reopen and how confidently communities can move from response to recovery. They also reinforce a simple point: the way insurers prepare for, manage and communicate through major events matters.

People rarely contact their insurer on a good day. They make a claim because something has gone wrong, often at one of the hardest moments of their lives. The way insurers respond can shape the course of recovery long after the water has receded or the fire has been extinguished.

That places a significant responsibility on our industry. Insurers are continuing to improve how we prepare for events, communicate with customers and support people through what can sometimes be a difficult recovery. Each event provides lessons about what worked, what did not and where we need to do better.

Insurers have a vital role to play in supporting recovery and helping customers navigate risk, but reducing rising pressure on the cost of insurance ultimately depends on reducing rising risk before disasters occur. Governments hold many of the key levers to achieve that outcome.

Governments have a critical role to play through sustained investment in resilience, reform of taxes that increase the cost of insurance, planning decisions that keep people out of harm's way, and building standards that better reflect the risks communities will face in the decades ahead. In New South Wales, long-awaited Emergency Services Levy reform may be closer than ever, demonstrating the value of sustained advocacy and constructive engagement.

Without action to reduce risk before disasters occur, the costs borne by households, businesses, governments and insurers will continue to grow, placing affordable insurance further out of reach for more Australians.

Andrew Hall
CEO and Executive Director

Rising inflation = rising rebuild costs

When a storm strips the tiles from a roof, or floodwater ruins everything below the ceiling line, the cost can be considerable. Those costs have risen significantly over the last five years, with the materials and labour required to repair or rebuild a property growing markedly more expensive.

According to Cotality's Cordell Construction Cost Index (CCCI), from 2021 to 2026 the cost of building clearly outpaced everyday inflation. Nationally, the index rose around 30 per cent over the five years to 2026, against CPI growth of about 24 per cent over the same period. Most of that increase was front-loaded into 2022, when annual construction inflation peaked above 11 per cent. Growth has since cooled to more ordinary levels, but it has not reversed.

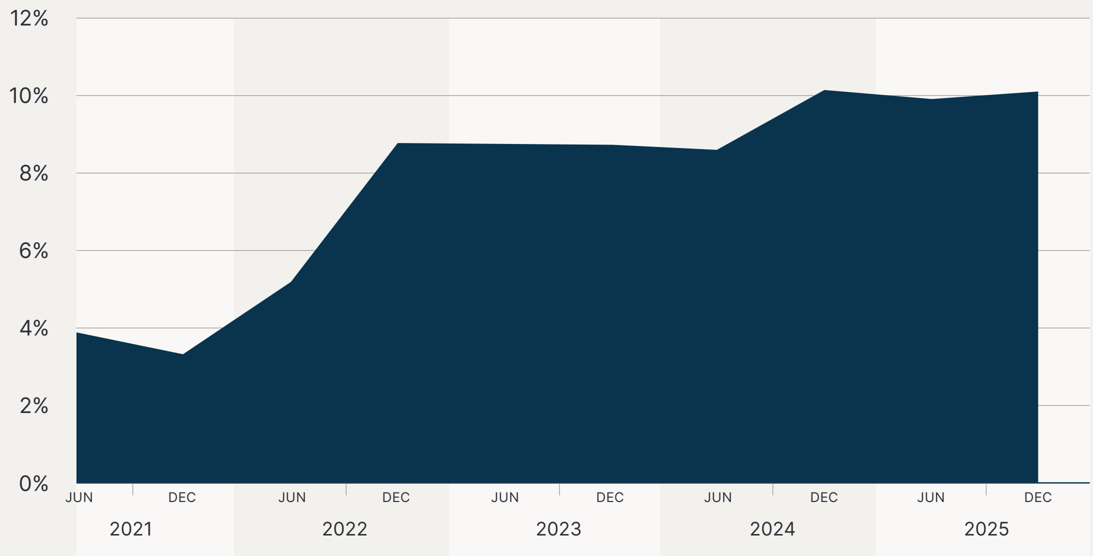
Beneath the CCCI figure, the detail is telling. The parts of a house that have inflated fastest are the very ones extreme weather destroys first.

- Roof tiles have risen by 77 per cent in five years, well over triple the rate of CPI.
- Windows, plaster, plywood, copper piping, structural steel, cement and concrete have each climbed between 37 and 48 per cent.
- The roof, windows, and plaster products, the elements commonly damaged by hail, storms and cyclones, lead the increase.
- Labour tells a similar story, with roofers and glaziers seeing the most significant cost growth, and labour costs growing faster than CPI across many trades.

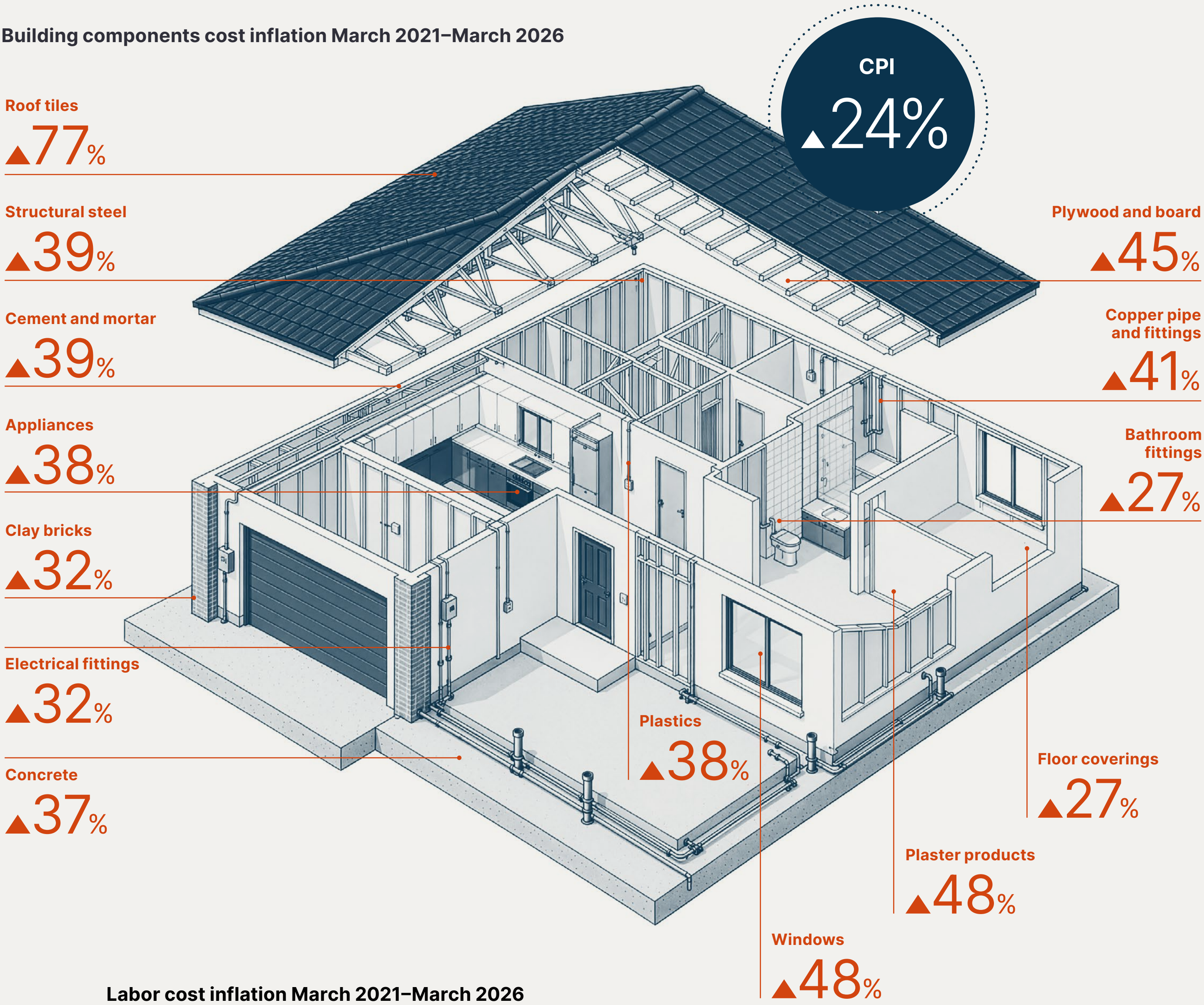
More recently, disruption around the Strait of Hormuz, through which roughly a fifth of the world's oil passes, has lifted fuel, freight and special levies, feeding into the price of globally-traded materials. This has created another pressure point for building costs which has flowed through to the cost of repairing and rebuilding homes.

In Australia the effect is showing up quietly, through delivery surcharges and fuel levies of five to ten per cent, and through targeted movements such as concrete rising by up to $10 a cubic metre. Prices on the shelf look stable, but the cost of getting materials to site is climbing.

CCCI above CPI baseline: June 2021 – December 2025



Building components cost inflation March 2021–March 2026



Labor cost inflation March 2021–March 2026

Trade	Trade salary
Plumber/Gasfitter (licensed)	9.2%
Plumber/Drainer (licensed)	15.1%
Carpenter & Joiner	16.4%
Painter	22.1%
Bricklayer	29.9%
Electrician (licensed)	30.1%
Wall and Floor Tiler	30.3%
Plasterer – cement render	30.8%
Stonemason	33.3%
Plasterer – dry linings	33.5%
Glazier	46.4%
Roofer	50.4%

What the index measures

The Cordell Construction Cost Index tracks the rate of change in the cost of building a standard Australian home. It brings together the price of materials, labour and plant hire for a defined dwelling, measures movements daily and reports them each quarter, and sets them against the Consumer Price Index so building costs can be read against the wider economy. It measures the cost to construct a home, not its market value. The data is sourced from Cotality.

Home construction cost increases 2021–2026

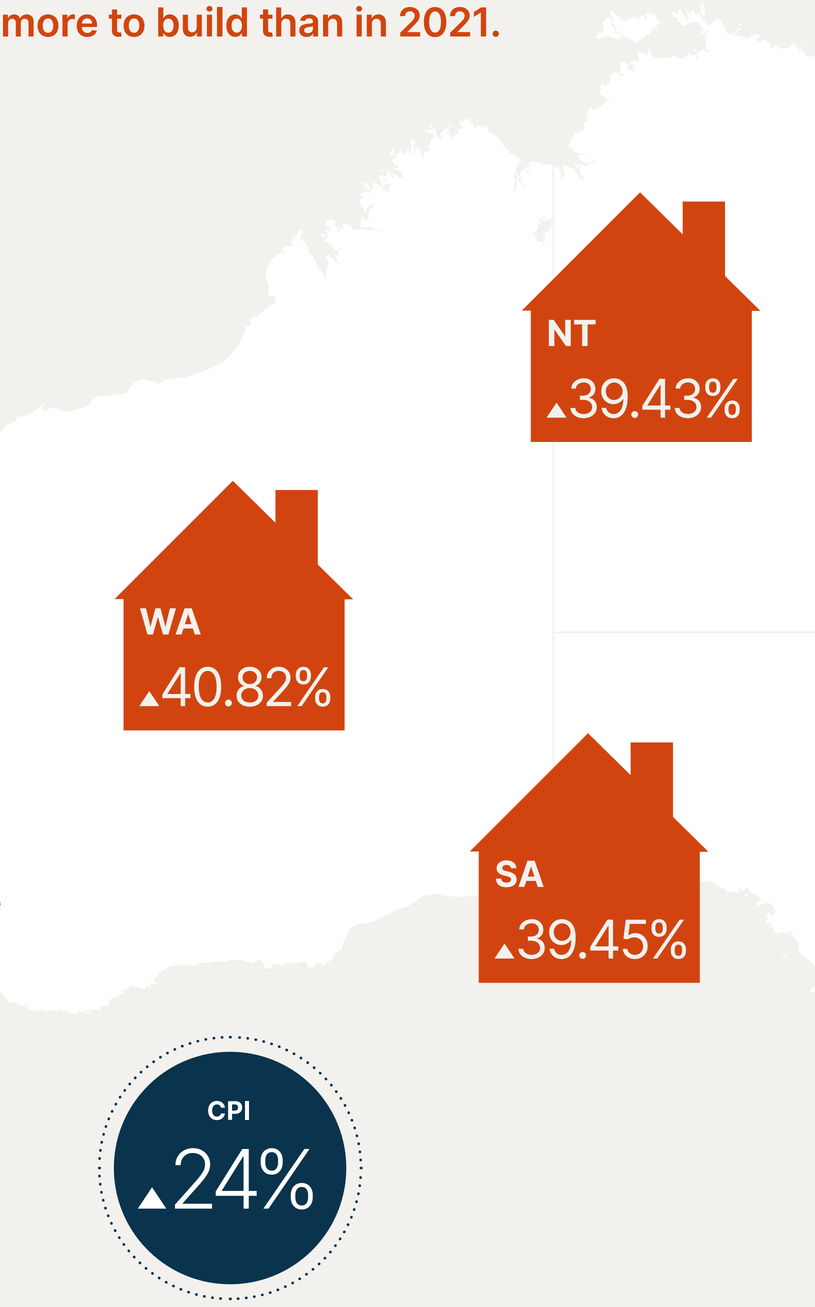
Construction costs have climbed across Australia but most sharply in Queensland and the north, where a standard home now costs around 45 per cent more to build than in 2021.

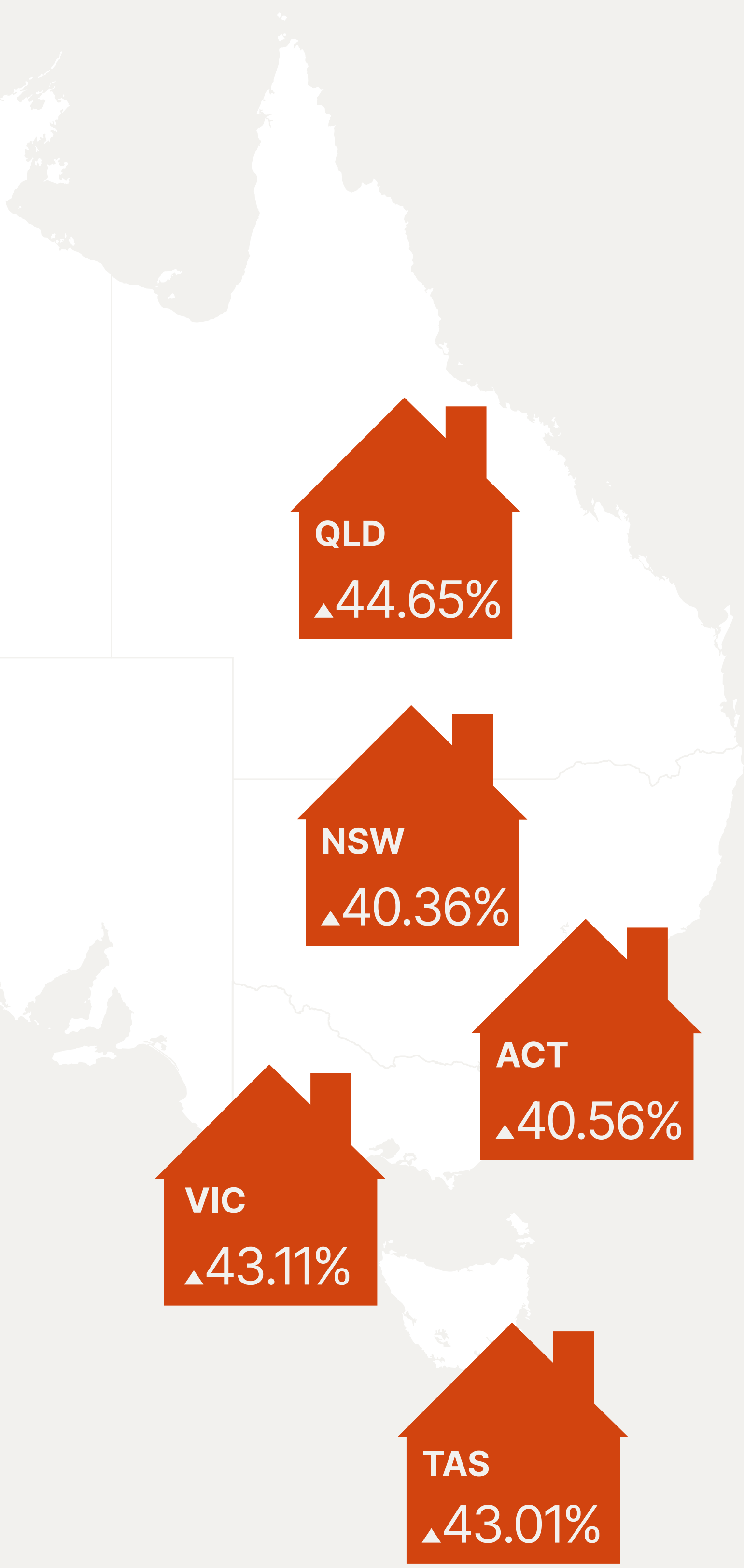
Among the country's most weather-exposed communities and often the most remote, a rebuild in Alice Springs, Darwin or Broome already carries the highest price tag before a single disaster strikes.

These pressures matter because rebuilding after a disaster never happens in isolation. Every major event draws on the same limited pool of materials, trades and supply chains needed to build new homes and infrastructure. When hundreds of thousands of homes are damaged in a single season, that demand collides with an already stretched construction sector, pushing costs higher and stretching recovery times.

For insurers, these are the real inputs behind the cost of protection. When replacing a roof, repairing a frame or rebuilding a home costs more, the cost of covering that risk also rises. For households, rising rebuild costs can also increase the risk of underinsurance if cover is not regularly reviewed, while some may choose to reduce levels of cover to manage premium costs.

Easing that pressure over the long term depends on reducing the underlying risk through investment in resilience, stronger homes, and smarter planning, so that fewer homes need rebuilding in the first place and those that do can be restored more affordably.





Average home construction costs 2021–2026

	June 2021	June 2026	Increase
WA			
Perth	$339,000	**$478,000**	**41.00%**
Geraldton	$377,000	**$531,000**	**40.85%**
Albany	$380,000	**$535,000**	**40.79%**
Broome	$445,000	**$626,000**	**40.67%**
NT			
Darwin	$451,000	**$629,000**	**39.47%**
Alice Springs	$533,000	**$743,000**	**39.40%**
SA			
Adelaide	$341,000	**$476,000**	**39.59%**
Port Augusta	$386,000	**$538,000**	**39.38%**
Port Lincoln	$396,000	**$552,000**	**39.39%**
QLD			
Brisbane	$344,000	**$498,000**	**44.77%**
Rockhampton	$369,000	**$533,000**	**44.44%**
Townsville	$393,000	**$568,000**	**44.53%**
Cairns	$403,000	**$583,000**	**44.67%**
Mount Isa	$441,000	**$638,000**	**44.67%**
Emerald	$406,000	**$588,000**	**44.83%**
NSW			
Sydney	$350,000	**$491,000**	**40.29%**
Dubbo	$385,000	**$540,000**	**40.26%**
Coffs Harbour	$378,000	**$530,000**	**40.21%**
Broken Hill	$395,000	**$555,000**	**40.51%**
ACT			
Canberra	$360,000	**$506,000**	**40.56%**
VIC			
Melbourne	$344,000	**$493,000**	**43.31%**
Bendigo	$351,000	**$502,000**	**43.02%**
Wodonga	$379,000	**$542,000**	**43.01%**
TAS			
Hobart	$355,000	**$507,000**	**42.82%**
Burnie	$375,000	**$537,000**	**43.20%**

Data note: This is based on a house model: 200m², concrete floor, brick veneer wall, timber frame inner wall and concrete tile roof. Costs account for material and labour costs and do not include builder margins. Rebuild costs also include permits, builder's insurance, council fees and other regulatory costs not captured by the CCCI.

The homes we build twice

Australia's housing shortage faces an often-overlooked competitor: rebuilding and repairing homes damaged by extreme weather.

Between 2022 and 2026, insurers received 409,094 claims relating to declared catastrophes and significant weather events, at a total insured cost of $11.3 billion. Every one of those claims required trades, materials and construction capacity that could otherwise have contributed to building new homes.

Most damaged properties were repaired rather than rebuilt, with the average claim costing just over $27,500. The challenge is not the size of individual repairs but the way demand arrives. After a major weather event, thousands of households can require repairs at the same time, placing intense pressure on construction markets that are already stretched.

Master Builders Australia estimates the industry needs an additional 116,000 housing construction workers and reports around 20,000 unfilled construction vacancies. These shortages are particularly acute in regions regularly affected by extreme weather, where trades are often brought in from capital cities at additional cost.

Official housing statistics do not capture this competition for construction capacity. The Australian Bureau of Statistics (ABS) Building Activity Survey records a home rebuilt on its original site as a new dwelling, in the same way as a house constructed on vacant land. Repairs are recorded as alterations and additions alongside elective renovations, while smaller repair jobs valued below $10,000 are not captured at all.

The shows that a significant share of Australia's residential construction activity is directed towards restoring existing housing rather than increasing supply.

According to the ABS, approximately 700,000 new dwellings were completed between 2022 and 2025. During that period extreme weather generated repair or rebuild work across around 406,000 homes. In 2025 alone, five declared events damaged 145,000 homes, compared with 173,000 dwellings completed nationally.

So we can see that dwelling completions are often the repair or rebuilding of homes that already existed. This work consumed labour and materials but did not increase the number of homes available to Australians. Even where homes were completely rebuilt, they generally returned households to the housing stock they already occupied. Rebuilding a destroyed home does not create additional housing supply.

Distribution of the repair task

The burden of extreme weather is now national in scale. Between 2022 and 2026, declared catastrophe and significant event claims (Cat 221 to SE 264) impacted 149 of Australia's 150 federal electorates.

However, the impact is highly concentrated. Just 22 electorates accounted for half of all claims nationally, while the 50 least-affected electorates represented only two per cent of claims.

Queensland accounted for 60 per cent of all claims and just over half of the national insured cost. Of the 22 electorates recording more than 5,000 claims, 19 were in Queensland, and mostly in the heavily populated South-East areas of the Gold Coast, Redlands, Logan, Ipswich, Moreton Bay and Brisbane.

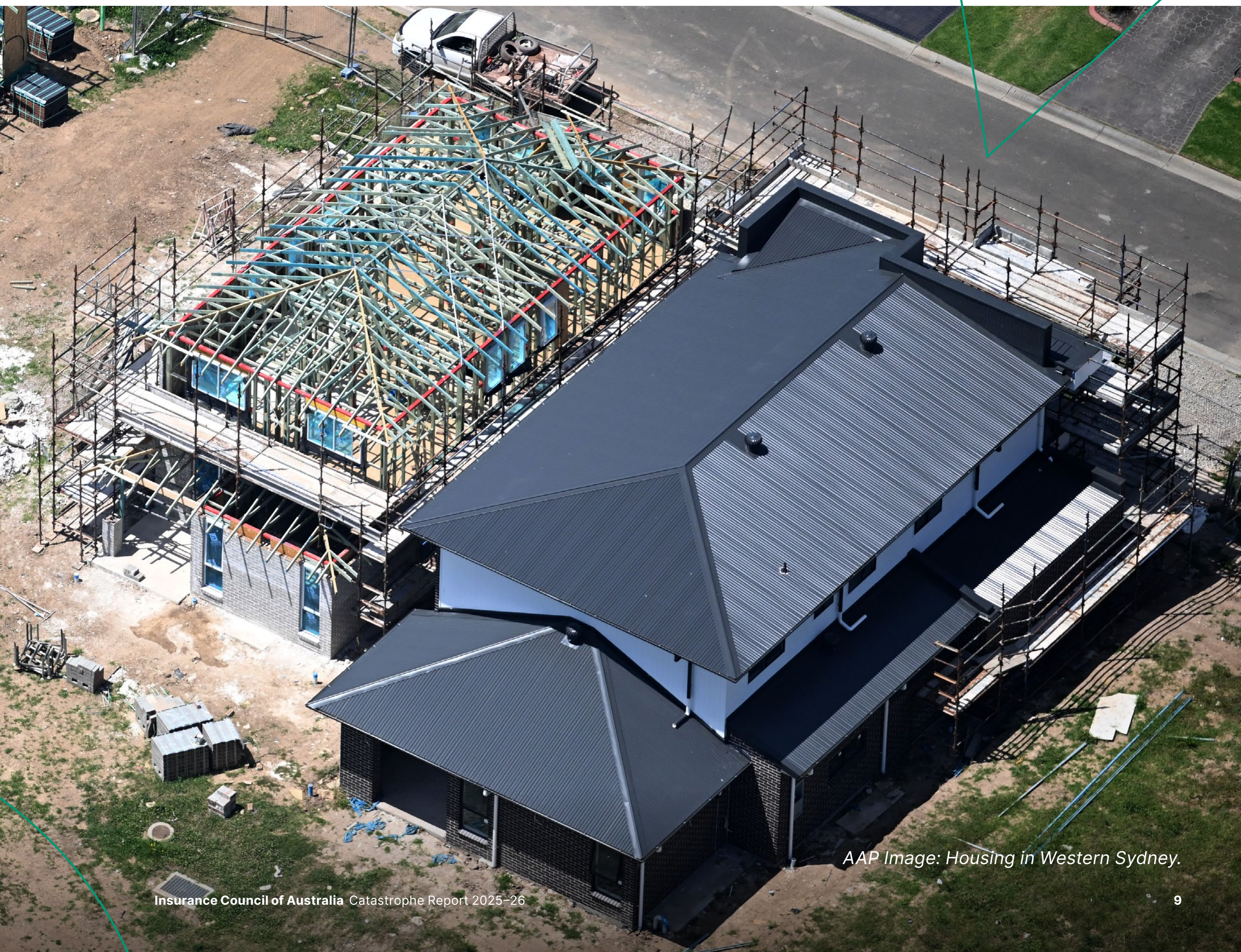
In New South Wales, the impact is seen more in the severity of losses than the number of claims. The Northern Rivers electorates of Richmond and Page accounted for 15 per cent of the State's claims but 38 per cent of its insured costs. Average claims exceeded $60,000 in Richmond and $76,000 in Page, reflecting damage that can occupy local construction capacity for years – not just months.

This has important implications for housing policy. Every home protected from future disaster is one less home requiring repair or reconstruction, and one less claim on Australia's limited construction workforce. Investment in resilience not only reduces losses for households and governments, but it also helps preserve the skilled labour and materials needed to deliver the additional housing Australia urgently requires.

From January 2022 – June 2026 homes rebuilt and repaired by insurers for declared events

State	Homes rebuilt and repaired by Insurers
Queensland	214,571
New South Wales	116,242
Victoria	25,153
South Australia	6,927
Australian Capital Territory	486
Tasmania	480
Northern Territory	344
Western Australia	47
Unattributed	44,844
	409,094

Data source: ICA Catastrophe Data 2022–July 2026.



AAP Image: Housing in Western Sydney.

The rising cost of extreme weather

Since 2019, the Insurance Council has declared 29 extreme weather events, totalling $20.7 billion from more than 760,720 home and building claims.

Why are disaster losses increasing?

Since the Catastrophe Resilience Report began in 2021, its focus has largely reflected the storms and floods associated with ongoing La Niña conditions. With El Niño emerging in 2026 and drier conditions forecast across parts of southern and eastern Australia, we need to broaden our lens to look forward to the perils Australia is expected to face as conditions change, in particular heightened bushfire risk.

As Australia's risk profile changes, so too does the cost of recovering from extreme weather events. The cost of extreme weather is rising, driven not only by the worsening of the hazards themselves, but by the growing exposure and value of what lies in their path. Population growth and development in high-risk areas have put more properties at risk, while modern buildings, with higher-value materials and integrated technology, are more costly to repair or rebuild.

As natural landscapes are replaced by roads, buildings and other hard surfaces, less rainwater can soak into the ground, increasing runoff and worsening flooding during heavy rainfall.

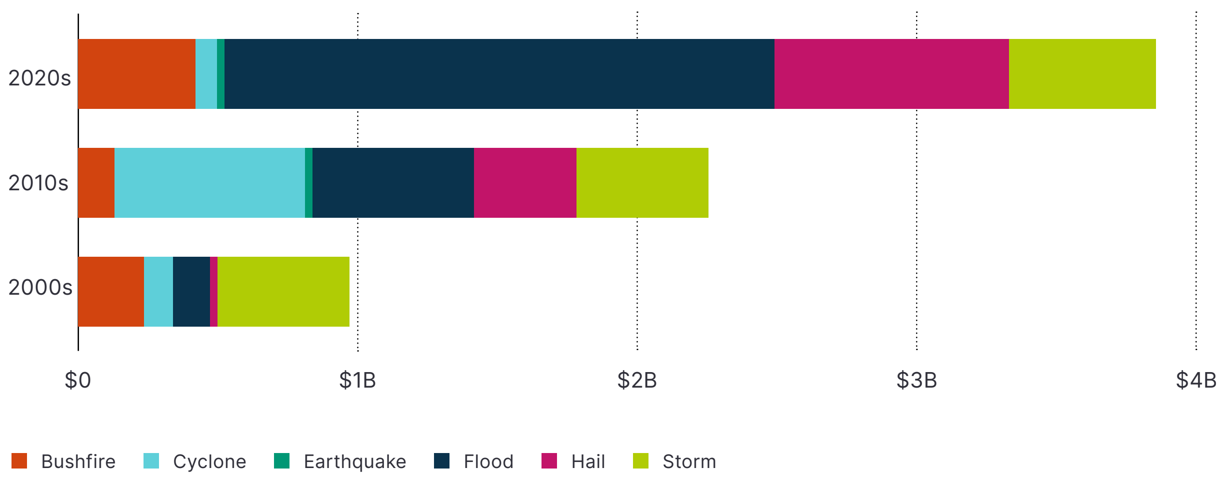
Better land use planning, stronger building standards and targeted resilience investment will be critical to reducing future damage. Understanding how different perils affect the built environment will help Australia better assess, reduce and withstand these risks.

How extreme weather has driven claims over 25 years

The makeup of Australia's extreme weather losses has changed dramatically over the past 25 years. While storms have remained a significant source of claims, flood and hail have become increasingly costly, driving a substantial increase in overall losses.

Adjusted for inflation, insurers have incurred an average of $3.9 billion a year in claims from extreme weather over the past seven years. Flood losses alone have increased from an average of $129 million a year in the 2000s to around $2 billion a year since 2020.

Average incurred claim costs per peril



Source: ICA Catastrophe figures adjusted for inflation.

Home and building claims from declared events since 2019

Bushfire

As weather conditions have become hotter and drier, bushfire seasons are getting longer and catastrophic bushfire events are increasing across highly populated parts of Australia.

Type of damage

Severe fires can cause widespread, simultaneous destruction across homes, commercial buildings, agricultural assets and critical infrastructure, often resulting in total losses. Powerlines, roads, telecommunications and essential services can be affected over large areas, well beyond the fire ground.

Outlook

Impacts are expected to grow for urban-fringe communities and the agriculture sector. Bushfire losses are highly concentrated: the 2019–20 Black Summer fires alone account for around $2.0 billion of the $2.58 billion in bushfire claims since 2019. At $114,888, bushfire has the highest average claim cost of any peril. This is more than double the next highest and reflects the total-loss nature of major fires, where homes are more often destroyed than damaged.

DECLARED EVENTS	CLAIMS	CLAIMS INCURRED	AVERAGE CLAIM COST
3	22,451	$2.58B	$114,888

Cyclone*

Tropical cyclones form over warm tropical waters and bring destructive winds, heavy rainfall, storm surges and coastal inundation.

Type of damage

Cyclones can rip roofs from homes, shatter windows, bring down trees and powerlines, damage roads and bridges, and flood residential, commercial and agricultural properties. The single declared cyclone event since 2019 carried an average claim cost of $55,891, the second-highest of any peril after bushfire.

Outlook

As the climate warms, cyclones are expected to increase in intensity and track further south, exposing more densely populated communities with limited experience of cyclone-related impacts. In 2025, Tropical Cyclone Alfred provided a clear example. Despite weakening to a tropical low before landfall, it became the first system in around 50 years to approach the south-east Queensland coast near Brisbane, causing widespread damage from flooding, heavy rainfall, coastal erosion and prolonged power outages.

DECLARED EVENTS	CLAIMS	CLAIMS INCURRED	AVERAGE CLAIM COST
1	6,696	$374.2M	$55,891

Flood

In Australia, tropical cyclones, severe thunderstorms, monsoon and mid-latitude lows and storm surge drive the most extreme rainfall and flooding. Flooding can result from prolonged or intense rainfall, river overflow, stormwater runoff or coastal storm surge, and can vary in speed, depth and duration.

Type of damage

The location of a property is the main factor for flood risk. Floods can damage residential and commercial properties, transport networks, utilities, water and wastewater systems, agricultural land and other critical infrastructure, posing a critical threat to communities.

Floodwaters often inundate homes, damaging foundations, walls, flooring, electrical systems and contents, while creating mould and contamination that can render properties uninhabitable for months. Flood claims are also among the most complex and slowest to resolve.

Outlook

As climate change fuels worsening extreme weather, intense bursts of short-duration rainfall are projected to increase across much of Australia, even in some regions expected to become drier overall. This is likely to increase the severity of flash flooding and localised flood impacts, particularly in urban areas and small river catchments.

Flooding has proved the single largest driver of recent losses since 2019, accounting for 16 of the 29 declared events and more than half of all claims and total cost. The 2022 floods alone generated around $6.1 billion across more than 191,000 claims, the costliest extreme weather event in Australia's history.

DECLARED EVENTS	CLAIMS	CLAIMS INCURRED	AVERAGE CLAIM COST
16	486,109	$11.47B	$23,611

Storms and hail

Severe convective storms can produce damaging winds, tornadoes, heavy rainfall, lightning and, in some cases, large hail often with little warning. Hailstorms can be fast-moving and affect large areas.

Type of damage

Storms are one of the costliest and more frequent extreme weather events affecting Australia, causing widespread damage to buildings, transport networks, and power and telecommunications infrastructure. Storms and hail damage roofs, windows, cladding and solar panels, bring down trees and powerlines, and generate significant motor vehicle losses.

Outlook

Severe convective storms and associated hail events are expected to become more damaging, with larger hailstones projected to become more common. These events often have a long claims tail, with roof and building damage not always immediately apparent, meaning claims can emerge months later as inspections and repairs progress.

DECLARED EVENTS	CLAIMS	CLAIMS INCURRED	AVERAGE CLAIM COST
3	119,670	$2.62B	$21,967
5	108,573	$3.51B	$32,397

Earthquake

Australia experiences relatively infrequent and lower-magnitude earthquakes compared to tectonically active regions, but significant events can still occur.

Type of damage

Earthquakes can damage homes, commercial buildings and critical infrastructure, including roads, bridges, pipelines and utility networks. Damage may include cracked structures, foundations and walls, compromised building stability and disrupted services, often requiring specialist engineering assessments.

Outlook

Claims can be complex because earthquake damage must be distinguished from pre-existing cracking and gradual ground movement. The single declared earthquake event since 2019 generated more than 17,000 claims, the second-highest claim count of any single event in the period, but the lowest average claim cost at $5,268, reflecting a large volume of minor, largely cosmetic damage.

DECLARED EVENTS	CLAIMS	CLAIMS INCURRED	AVERAGE CLAIM COST
1	17,221	$90.7M	$5,268

* *Tropical Cyclone Alfred is not included in the above cyclone figures. As it weakened to a tropical low before crossing the coast, its claims were recorded under the flood category.*

2025–26
Insurance catastrophe overview

$3.98B
Incurred

147,552
Claims

$26,980
Average claim

SE 254
October 2025
Severe spring storms

Cat 255
November 2025
QLD & NSW severe storms & hail

SE 256
December 2025
Bondi attack

Cat 261
January 2026
Victorian bushfires

SE 262
February 2026
Middle East conflict

SE 263
March 2026
Northern Territory flooding

SE 264
March 2026
Queensland flooding

The 2025–26 catastrophe season reminded us that Australia's risk profile cannot be defined by a single peril. Over 12 months, insurers responded to floods, storms, hail and bushfires across multiple jurisdictions, while also managing two non-weather Significant Events linked to terrorism and geopolitical disruption.

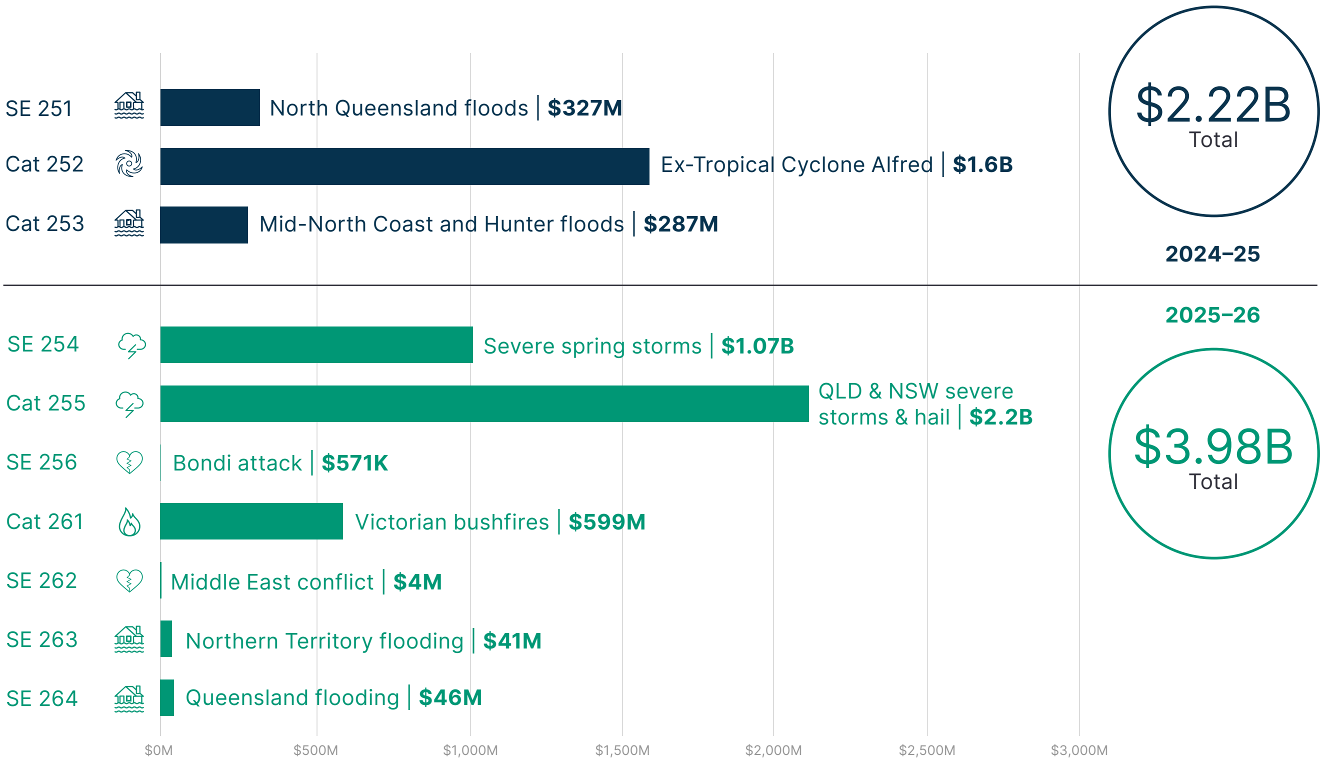
Seven events declared during the financial year generated more than 147,500 claims and $3.9 billion in insured losses. The totals compare to three declared events in 2024–25 with approximately $2.2 billion in insured losses. While no single weather system dominated the season, the breadth and diversity of events demonstrated the increasingly complex environment in which insurers, governments and communities are operating.

The season began with severe spring storms which brought widespread damaging storm and hail activity across South East Queensland, generating more than $1 billion in insured losses. Just weeks later, that same region and broader areas across Queensland and New South Wales experienced a second hit of wild weather.

This event, declared Insurance Catastrophe 255, became the year's costliest, generating more than $2.2 billion in insured losses and in excess of 96,000 claims. This event exceeded the cost of losses from Ex-Tropical Cyclone Alfred earlier in 2025, highlighting the substantial impact severe convective storms can have on homes, businesses and vehicles and underscored the growing cost of storms and hail across Australia's east coast.

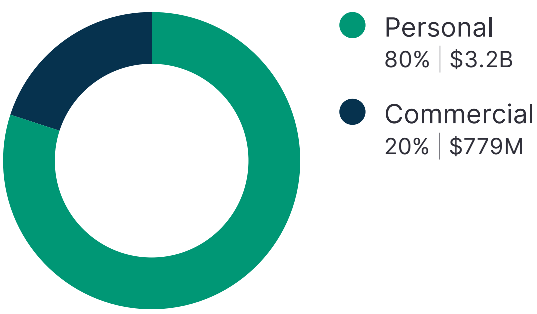
The next extreme weather event to capture the entire country's attention was Victoria most significant bushfire season since the 2019–20 Black Summer fires. Escalating rapidly under extreme heat and strong winds, the fires left widespread property losses, significant commercial impacts and one fatality, and led the industry to declare Insurance Catastrophe 261.

Flooding in the Northern Territory and Queensland across March 2026 – declared Significant Events 263 and 264 respectively – reinforced Australia's ongoing exposure to flood risk, with communities again facing inundation, isolation and significant recovery challenges.



Together, the seven declarations spanned floods, storms, hail and bushfire, alongside two non-weather events: the terrorist attack at Bondi Beach and the consequences for Australians of conflict in the Middle East. The season underscored the importance of preparedness, coordinated recovery efforts and continued investment in resilience as communities face an increasingly complex risk landscape.

Catastrophe claims 2025–26



Other declared events

Beyond extreme weather, the year also highlighted how events outside the natural hazards cycle can create significant insurance and community impacts. The Bondi terrorist attack and the Middle East conflict were very different in nature, but had ripple effects beyond the immediate incident, affecting communities, businesses, travellers and supply chains. Declaring them as Significant Events allowed the industry to monitor claims, coordinate engagement and better understand the broader impacts over time.

In December 2025, the Bondi Terrorist Attack (SE 256) was declared a Significant Event, reflecting the insurance industry's role in supporting affected businesses, workers and communities following this devastating event. While claims volumes were small, the declaration recognised the broader community impact and recovery effort associated with the event.

In early 2026, the declaration of the Middle East Conflict as a Significant Event (SE 262) arose in recognition of how geopolitical events can disrupt international travel, supply chains and fuel markets, creating insurance implications far beyond the immediate conflict zone.

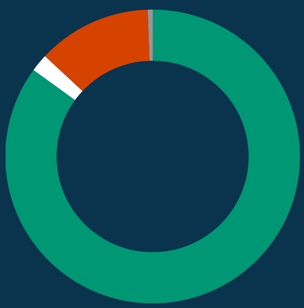
Cat 255
Qld & NSW severe storms and hail

$2.2B
Incurred

95,692
Claims

$23,252
Average claim

Personal claims
$1.88B



- Building: 84% | $1.5B
- Contents: 2% | $37M
- Motor: 14% | $265M
- Other: $3M

Commercial claims
$344M

- Property: 75% | $260M
- Building: 9% | $29M
- Motor: 10% | $35M
- Other: 6% | $17M

Overview

Over eight days in November 2025, severe thunderstorm activity swept the east coast delivering giant hail, destructive winds and torrential rain across Queensland and New South Wales.

South East Queensland bore the brunt of the most intense activity between 23 and 24 November with hail up to 10 centimetres in diameter, wind gusts exceeding 100 kilometres per hour and roof-lifting downdrafts causing significant damage across Bribie Island, Logan, Brisbane's eastern suburbs and Moreton Bay. Many people were caught mid-commute during one of the largest storm bursts, damaging cars on roads, in car parks and outside homes, while others returned to find smashed windscreens, dented panels and homes exposed by damaged or torn roofs.

The Insurance Council declared this event an Insurance Catastrophe (Cat 255) on 25 November 2025 for the strong winds and damaging hail impacting South East Queensland. Just three days later, as the same weather system continued to strike communities across a very large geographic area, the declaration was extended to cover all postcodes in both Queensland and New South Wales from 20 to 27 November 2025.

AAP Image: Gold Coast, November 2025.

Industry response

Ahead of the hailstorm, many insurers sent text messages to policyholders in the impact zone, urging them to move vehicles under cover where safe to do so and take steps to reduce damage. Once conditions subsided, insurers moved quickly to support policyholders, setting up an on-the-ground presence in the most heavily affected communities including Bribie Island, Logan and Brisbane, with support extending into further parts of Moreton Bay in the following days. Some insurers also established dedicated vehicle assessment centres to assess hail-damaged cars more quickly and help customers seek repairs.

With La Niña only having just begun, emergency repairs and make-safes became a priority for insurers to minimise any further damage or water ingress, particularly given the severe storms (SE 254) occurring just weeks prior. As claims began to come in, insurers scaled surge workforces to manage a rapid influx of more than 44,600 claims reported within the first eight days. The storms would go on to become the insurance industry's most expensive declared extreme weather event of the year, with incurred losses topping $2.2 billion across more than 95,000 claims.

The Insurance Council maintained close engagement with state and local government agencies across both states, providing regular claims data updates and coordinating clean-up messaging with councils in the hardest-hit communities.

Issues in recovery

The event's scale, duration and geographic footprint created significant recovery challenges. While the event itself wasn't as complex as a typical flood or even bushfire, the number of claims – on top of those already in the claims system from SE 254 – added compounding pressure on smash repairers and parts supply chains, particularly for glass and panel work, including solar panels. Some policyholders faced compounding impacts, with regions hit multiple times by different storm cells during the eight-day window.

Building trades were similarly stretched, with demand for roofers, glaziers and tarping crews well above capacity in the peak recovery period. Some policyholders with hail-damaged roofs also experienced repair delays as continued wet weather through South East Queensland's storm season limited safe access to properties and slowed permanent repair works.

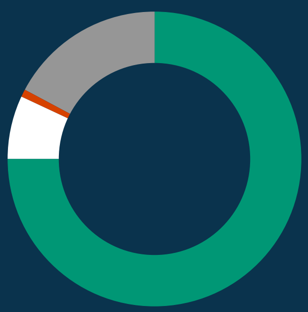
Cat 261
Victorian bushfires

$599M
Incurred

4,852
Claims

$123,378
Average claim

Personal claims
$363M



Building
75% | $273M

Contents
7% | $24M

Motor
1% | $5M

Other
17% | $60M

Commercial claims
$236M

Property
62% | $146M

Building
28% | $67M

Motor
4% | $9M

Other
6% | $14M

Overview

Victoria's worst bushfire season since the 2019–20 Black Summer took hold from 7 January 2026 as extreme heat, single-digit humidity and gusting winds combined to drive rapid fire across the state. Temperatures exceeded 40°C and wind gusts reached up to 100 kilometres per hour during the most severe fire weather days.

More than 400,000 hectares of bushland and farmland burned during the event, with around 30 fires active at the peak, including major blazes at Longwood, Walwa, Ravenswood and Harcourt.

On 10 January, the Victorian Government declared a State of Disaster for 18 local government areas. The bushfire emergency resulted in one fatality and widespread evacuations and significant property losses across regional Victoria.

The Insurance Council declared a Significant Event on 11 January 2026 as the scale of the emergency became clear. By 16 January, more than 2,300 claims were already lodged, with early analysis indicating around 30 per cent of property claims were total losses, the event was upgraded to Insurance Catastrophe (Cat 261).

AAP Image: Victoria, January 2026.

Industry response

With community safety being the immediate priority, insurers mobilised their response operations, deploying satellite imagery to assess damage ahead of on-ground access and contacting affected customers to offer emergency relief payments and temporary accommodation.

As emergency services cleared access, insurers established on-the-ground presence in parts of regional Victoria including Natimuk, Skipton, Longwood, Harcourt and Castlemaine at the local Recovery Centre.

The Insurance Council worked closely with the Victorian Government and recovery agencies to support affected communities, coordinate industry engagement and help address issues arising during the recovery process.

Issues in recovery

The scale of destruction created a complex recovery environment. With around 30 per cent of property claims total losses, many customers faced full rebuilds – a process that could take multiple years given the remoteness of some affected communities and the scale of concurrent demand on trades and materials.

Ongoing burning, downed power lines and dangerous trees restricted access into fire grounds for extended periods, delaying insurer assessments in some areas. Temporary accommodation was also under pressure, particularly in smaller regional centres with limited housing supply.

The commercial impact proved particularly significant. Losses to primary producers, tourism operators and small businesses reliant on visitor traffic drove a high commercial claims share comparative to other declared catastrophes.

As recovery efforts unfolded, public scrutiny of emergency management arrangements grew. The scale and severity of the bushfires prompted a Victorian Government inquiry, examining preparedness, response and recovery arrangements. While insurers were not the subject of the review, the inquiry formed part of the broader recovery landscape and reflected community interest in understanding lessons from Victoria's most significant bushfire season since the 2019–20 Black Summer fires.

Extreme weather significant events

SE 254 Severe spring storms

$1.07B
Incurred

41,378
Claims

$25.8K
Average claim

84% Personal
$892.2M Incurred
38,256 Claims

16% Commercial
$174.1M Incurred
3,122 Claims

A series of severe storms brought damaging hail, strong winds and heavy rainfall to south-east Queensland between 26 October and 2 November 2025. The Insurance Council initially declared a Significant Event following the Brisbane hailstorm on 26 October. As further severe weather impacted communities across south-east Queensland, the declaration was expanded on 5 November to cover the broader event. Damage ranged from hail-affected vehicles and shattered solar panels to smashed windows and roof damage, with communities including Clifton, Pratten and Esk among those particularly affected.

Insurers established local support arrangements and prioritised claims to help affected households and businesses begin recovery. As at 30 July 2026, insurers had received 41,378 claims, generating more than $1.07 billion in insured losses at an average claim size of $25,800.

While residential claims dominated volumes, commercial claims carried a higher average cost, reflecting damage to commercial buildings, property and business assets. Personal insurance claims accounted for 38,256 claims and $892.2 million in incurred losses, while commercial claims accounted for 3,122 claims and $174.1 million. Motor vehicle claims represented almost half of all claims lodged, underlining how widely the hail was felt across homes, vehicles, solar panels and commercial property.

SE 263 Northern Territory flooding

$41M
Incurred

389
Claims

$104.3K
Average claim

56% Personal
$23M Incurred
281 Claims

44% Commercial
$18M Incurred
108 Claims

Severe rainfall and flooding impacted communities across the Northern Territory between 4 and 13 March 2026, including Katherine, Darwin and surrounding regions. The Katherine River peaked at 19.2 metres, its highest level in more than 20 years, while large-scale evacuations and floodwaters caused significant disruption for local communities. The Insurance Council declared a Significant Event covering Katherine and surrounding areas affected by the flooding.

The Insurance Council worked with the Northern Territory Government, recovery agencies and insurers to support impacted policyholders, while insurers deployed resources to assist customers in Katherine and Darwin. Particular attention was given to the challenges facing policyholders in remote and regional communities.

As at 30 July 2026, insurers had received 389 claims with incurred losses of $41 million and an average claim size of $104,300. This was the highest of any declared event during the reporting period, and more than seven times the average of the concurrent Queensland flooding (SE264), reflecting the severity of damage sustained. Personal insurance claims accounted for 281 claims and $23 million in incurred losses, while commercial claims accounted for 108 claims and $18 million. Commercial property losses contributed significantly to the overall cost despite representing fewer than one-third of claims.

SE 264 Queensland flooding

Heavy rainfall associated with Tropical Low 29U caused widespread flooding across Queensland between 4 and 13 March 2026. The most significant impacts were recorded in the Wide Bay-Burnett region, including Bundaberg and communities along the Burnett River catchment, although flood warnings and inundation extended across large areas of the state following weeks of persistent wet weather.

The Insurance Council declared a Significant Event and worked closely with insurers, emergency services and government agencies to coordinate support for affected communities. Insurers deployed assessors, fast-tracked claims and contacted customers directly, while the Insurance Council and member insurers supported recovery efforts through the Bundaberg Recovery Centre and ongoing engagement with local and state authorities.

As at 30 July 2026, insurers had received 3,206 claims with incurred losses of $46 million and an average claim size of $14,300. Unlike many major flood events, the claims profile reflected broad community impact rather than a small number of highly costly losses. Personal insurance claims accounted for 2,951 claims and $39 million in incurred losses, while commercial claims accounted for 255 claims and $7 million. Building-related claims represented around 70 per cent of all claims, reflecting the widespread impact of floodwater on residential properties across the affected region.

$46M
Incurred

3,206
Claims

$14.3K
Average claim

85% Personal
$39M Incurred
2,951 Claims

15% Commercial
$7M Incurred
255 Claims

SE 256
Bondi attack

$571K
Incurred

38
Claims

$15K
Average claim

On 14 December 2025, a tragic act of terrorism at Bondi Beach resulted in loss of life, injuries and lasting psychological impacts felt throughout Australia. While the attack's most profound consequences cannot be measured in financial terms, the insurance industry played a role in supporting affected businesses and policyholders through recovery.

The Insurance Council of Australia declared the attack a Significant Event (SE 256), which prioritised insurer support for affected policyholders and enabled claims data to be collected and tracked. The Treasurer subsequently declared the attack a terrorism incident under the *Terrorism and Cyclone Insurance Act 2003*, activating the Terrorism Reinsurance Pool for only the second time since its establishment (the first being the 2014 Lindt Café siege). The declaration negated terrorism exclusions in eligible insurance contracts so those affected could have their claims assessed and paid under ordinary policy terms and conditions.

The event generated 38 claims with incurred losses of $570,542 as at July 2026, with almost 80 per cent of claims finalised within six months. While small in scale compared with Australia's major natural disasters, insured losses were concentrated among local businesses, with commercial claims accounting for around 75 per cent. The event underscored the value of having a system which keeps insurance available following rare but high-consequence acts of terrorism.

Australia's Terrorism Reinsurance Pool

The Terrorism Reinsurance Pool, administered by the Australian Reinsurance Pool Corporation and backed by a Commonwealth guarantee of up to $10 billion, was established after global insurance markets withdrew terrorism coverage following the September 11 attacks. It enables insurers to continue offering terrorism cover for eligible commercial property, business interruption and public liability policies. Its activation following the Bondi Beach attack ensured eligible claims could be assessed and paid with the support of the national scheme. Due to the low cost of claims the Pool was not drawn on.

SE 262
Middle East conflict

$4M
Incurred

1,997
Claims

$2K
Average claim

The conflict between the US and Iran in early 2026 generated widespread economic and transport upheaval across the globe. Disruptions to aviation, freight routes and fuel markets created flow-on impacts across the economy, highlighting how geopolitical events can contribute to inflationary pressures and affect households and businesses far beyond the immediate conflict zone.

As a result, governments and industries closely monitored global fuel markets and potential flow-on impacts to domestic supply chains. The Australian Government declared all Middle East regions 'Do Not Travel' and later activated Australia's National Fuel Security Plan.

Industry response

On 3 March 2026, the Insurance Council declared the escalating conflict in the Middle East a Significant Event (SE 262), activating industry-wide claims monitoring and stakeholder engagement processes.

Despite policy exclusions for war and conflict, travel insurers moved quickly to support impacted customers, particularly those with cancelled flights. This included activating 24/7 response lines, assisting stranded customers to access medications and providing live advice as the conflict evolved.

The Insurance Council maintained strong engagement with the Australian Government, insurers and other stakeholders to monitor emerging risks and understand potential insurance implications across travel, business interruption, freight and supply chain exposures. The insurance industry stood up an industry-wide taskforce and developed its own four-stage plan to align with the Australian Governments', sharing data and insights to help inform national responses.

Claims profile

While this event generated relatively modest insured losses compared to an extreme weather event, it highlighted the broad reach of geopolitical risk and its impacts on Australian consumers and businesses.

Most claims related to leisure travel cancellation and disruption, with a smaller number of corporate travel and commercial claims lodged, mostly relating to business interruption.

The insurance industry continues to monitor the ongoing situation in the Middle East and track claims as appropriate.

War and conflict exclusions

War and conflict exclusions are present in all general insurance policies and are standard practice worldwide. These exclusions exist because the scale and unpredictability of armed conflict create risks that are difficult for insurers to price. Without this exclusion, premiums for all travellers would be unsustainable given the risks the coverage would need to account for.

Coverage ultimately depends on the individual policy and circumstances of a loss, with claims assessed in accordance with policy terms and conditions.

Supporting recovery after locally severe events

Locally severe events may fall below formal declaration thresholds, but they still have a profound impact on regional communities, with concentrated damage, economic disruption and recovery challenges often compounded by distance from labour and materials.

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. But each year there are a few regional events that are relatively contained in scale and don't meet declaration thresholds, yet they still have significant adverse consequences for local communities.

Over recent years, the insurance industry has strengthened its support for regional communities affected by these events. This includes improved access to weather forecasting and member claims data, helping the industry identify emerging impacts earlier and respond more effectively.

During the 2025–26 high risk weather season, two communities were assessed as impacted by locally severe events: Port Pirie on the Spencer Gulf in South Australia, and Exmouth on the North-West Cape in Western Australia.

Port Pirie, Severe Storms, November 2025

On the evening of Saturday of 22 November 2025, a severe storm with wind gusts exceeding 119 kilometres per hour tore through Port Pirie and surrounds. State Emergency Services fielded hundreds of call-outs with thousands of residents impacted.

Early reporting indicated the storm may have been the region's most severe on record, damaging infrastructure, homes and vehicles.

Insurers reported more than 1,600 claims across home, motor and commercial products. Housing damage proved widespread, with an estimated 10 per cent of Port Pirie homes affected, accounting for around 75 per cent of all claims.

Recognising this locally severe event, the Insurance Council and insurers leaned into recovery, organising three community consultations for residents to speak to their insurer or seek support through the claims process.

Exmouth, Tropical Cyclone Narelle, March 2026

In March 2026, Tropical Cyclone Narelle traversed the entire north of the country, leaving flooding and isolated wind-related damage in its path. The cyclone intensified off the coast of north-western Australia and barreled towards Exmouth, finally crossing the coast as a category 4 system on 27 March. Cyclone Narelle quickly de-intensified after thumping Exmouth and dumping tropical rainfall throughout the interior.

Exmouth is no stranger to cyclones having weathered Tropical Cyclone Vance in 1999, which devastated the town with severe storm surge and flash flooding and left more than 100 properties destroyed.

Fortunately, the building stock in 2026 proved more resilient, though water ingress from the cyclonic gusts substantially damaged many homes and businesses. Sadly, thousands of sea creatures were killed as Tropical Cyclone Narelle passed over the World Heritage Ningaloo Reef.

Insurers reported more than 1,000 local claims and deployed recovery teams into the region once road and air access was restored around a week after the event.

The insurance industry worked closely with local and state recovery teams to navigate a number of challenges, including the extremely limited accommodation availability and the peak tourist season.

Insurers coordinated boots on the ground to balance progressing claims and temporary accommodation needs. A key focus for industry is maintaining good recovery progress to ensure minimum impact on next year's peak tourism season.

Severe storms

Port Pirie,
South Australia

223km
north of Adelaide

~14,000
residents

~1,600
claims

Severe storms

Cyclone Narelle:
Exmouth, Western Australia

1,270km
north of Perth

~2,800
residents

~1,000
claims

AAP Image: Cyclone Narelle, Exmouth, Western Australia, March 2026.

Community consultations

Community support is essential through the response and recovery stage of extreme weather events, with townhalls and other forms of community engagement enabling insurers to provide direct support customers.

In 2025–26, the Insurance Council supported 32 in-person engagements across Queensland, New South Wales, Victoria and South Australia, including 27 ICA-coordinated consultations and three Recovery Hub events led by other organisations.

In-person consultations

Since July 2025, the Insurance Council has coordinated 27 in-person consultations, some across multiple days, supporting hundreds of insurance customers impacted by extreme weather events.

Engagements were delivered through one-on-one consultations with insurers and the Insurance Council of Australia. Representatives from the Australian Financial Complaints Authority, Financial Counselling Australia, and state-based financial counselling and legal aid services were often in attendance, providing information on legal rights and complaints processes.

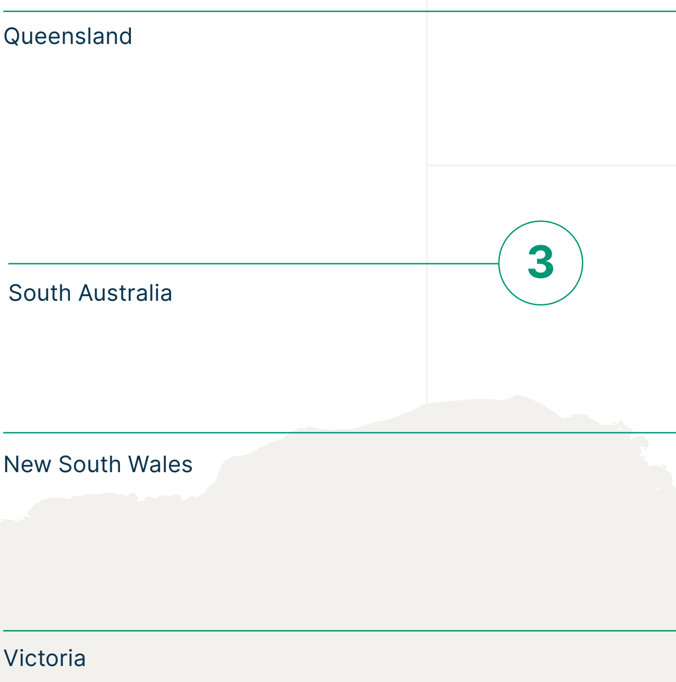
In addition to the ICA-coordinated consultations, the Insurance Council participated in five recovery hubs led by other organisations across Bondi, Castlemaine, Harcourt and Bundaberg.

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 2025, a number of consistent themes were identified:

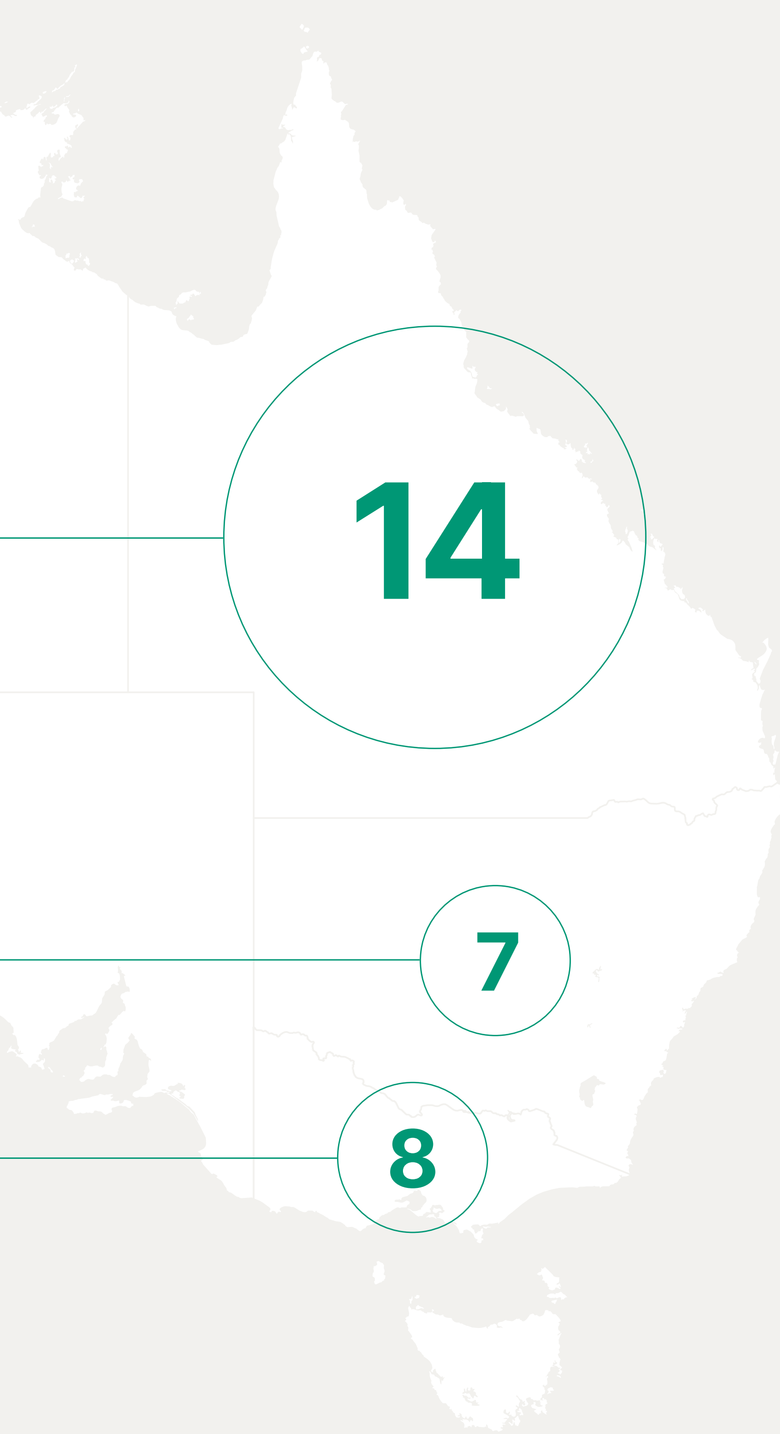
- Positive community response to insurers and support services on the ground
- Scope of works and repairs
- Claim progression and resolution
- Communications and supply chain management

Insurance customer events



27 in-person events

- One-on-one consultations
- In-person townhall
- Recovery hub



2025	3–4 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
	18 September	Cat 253 Port Macquarie
	14–15 October	Casterton
	4 November	SE 251 Ingham
	11–12 November	Harden
	18 November	Cat 252 Upper Coomera
	20 November	Cat 252 Hervey Bay
	20–21 November	SE 254 Clifton
	16–17 December	Port Pirie
	19–24 December	SE 256 Bondi
2026	8–9 January	SE 254 Clifton
	14–16 January	Cat 261 Castlemaine
	11 February	Cat 261 Harcourt
	17–18 February	Harden
	23 February	Harcourt
	10 March	SE 251 Ingham
	13–17 March	SE 264 Bundaberg
	29–30 April	Port Pirie
	26 May	Cat 261 Euroa
	27 May	Cat 261 Alexandra
	28 May	Cat 261 Harcourt
	8–9 June	SE 254 Clifton
	29–30 July	Port Pirie

Policy recommendations

Natural disasters are, by their nature, largely unexpected and unforeseen. Yet their risks and consequences are far from inevitable, and can be reduced through appropriate policy settings and targeted investment in mitigation.

The factors driving insurance affordability challenges are well understood. More frequent and severe weather events, population growth in high-risk areas, increasing asset values, workforce and supply chain pressures, and taxes on insurance are all contributing to higher costs. For Australians living in areas exposed to extreme weather, these pressures are often most acute, increasing the risk of underinsurance and non-insurance.

The solution lies not in accepting higher levels of risk, but in reducing them. Insurers recognise that resilience and affordability are intrinsically linked. Targeted investment in mitigation infrastructure, support for household resilience upgrades, stronger building standards and risk-informed land-use planning can meaningfully reduce future losses. With sustained leadership from federal, state and territory governments, these measures can help build safer communities, strengthen economic resilience and support more affordable insurance over time.

Federal, state and territory governments should:

- Reform unfair state taxes and levies on insurance products that increase the cost of insurance.
- 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.
- Prevent development of homes in high-risk locations through a national planning framework that considers disaster and climate risk.
- Strengthen building codes and standards to ensure new homes can withstand extreme weather events.
- Fund national hazard database to help inform resilience mitigation and put downward pressure on premiums.
- Standardise natural disaster recovery arrangements and implement the Colvin Review 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, contributing to underinsurance or non-insurance.

This issue is particularly acute in New South Wales, with the Emergency Services levy adding up to 18 per cent on home and 34 per cent on commercial insurance. Commendably, The New South Wales Government has commenced work to reform the Emergency Services Levy which is budget neutral and informed by detailed tax modelling and the views of industry and stakeholders in the wider community. Reform options are currently being examined by a parliamentary committee.

Reforming the NSW Emergency Services Levy would benefit more than two million households and save around save $500 million in economic costs across the state.

The removal of these unfair and inefficient taxes on insurance would improve insurance affordability, strengthen community resilience, reduce reliance on government relief in the aftermath of disaster, and ensure Australians are better protected in the face of increasing risks.

Defend critical infrastructure

Establish a 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.

To counter this significant risk, the Insurance Council continues to advocate for the establishment of a Flood Defence Fund – a multi-faceted flood infrastructure investment program that will protect the country's most at-risk catchments in Queensland, New South Wales and Victoria. The intention of the Fund is to prioritise investment where flood resilience can have the greatest benefit in reducing flood risk across 24 high-risk catchments. As part of the Fund's development, the Insurance Council examined these regions and assessed the flood risk management solutions that could be prioritised in these areas. Specifically, the Fund aims to achieve three key objectives:

- Reduce the impact of future floods, including the risk to life and property and economic and community disruption
- Moderate insurance premiums over the medium to long term in these high-risk locations, particularly benefiting the most vulnerable who often have the highest flood risk
- Minimise the financial impact of post-flood recovery and rehabilitation activities

Source: iStock, Lismore, 2025.

Policy recommendations

Defend critical infrastructure cont.

Strengthen the Disaster Ready Fund

Analysis by Insurance Council has found that since 2022, investment through the Disaster Ready Fund represents just $1 for every $39 lost to extreme weather.

Given the long-term challenges posed by worsening extreme weather in Australia, ongoing investment in disaster resilience measures is key to protecting Australia's homes and businesses from cyclones, floods, and bushfires.

To enable communities and governments to plan and develop a pipeline of these investments, Commonwealth disaster mitigation funding should move to a rolling ten-year program, as occurs with funding for land transport infrastructure and defence spending.

There should also continue to be a greater weighting on the Disaster Ready Fund's Stream One (infrastructure) to ensure priority is given to high quality hard infrastructure projects that directly reduce the risk to Australian communities. There also needs to be improved measurement of previously funded projects to assess the extent to which they have driven down risk.

Reducing Red Tape to Resilience Project

Australia has no shortage of feasible resilience projects, but too many remain undelivered because of regulatory red tape, funding constraints and limited capacity.

Through its Red Tape to Resilience Project, the Insurance Council is identifying barriers to project delivery, including slow approval processes, insufficient funding and capacity constraints. The findings will inform recommendations to the government's Hazard Insurance Partnership (HIP) on reforms and priority infrastructure projects that can accelerate investment and reduce flood risk.

Future proofing Australia

Establish a 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. This asset would broaden understanding of current and future hazard risk and significantly improve land-use planning outcomes and building code and standard reforms. In addition, strengthening the data available on critical residential and commercial infrastructure (e.g. the floor height of a property at risk of flooding) will better enable insurers to assess risk and recognise resilience investment.

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

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 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 climate and disaster risk. Risk should be central to planning decisions, and governments should explicitly consider both the likelihood of a hazard occurring and the consequences for people, property and infrastructure.

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.

Supporting the most in need

Improve Building resilience

There is a need for a more balanced approach at the national level between increasing housing supply, and ensuring Australia's future housing stock is constructed to more stringent performance requirements and not built in areas of high hazard risk.

The Federal Government should prioritise work to develop and evaluate appropriate measures with industry to ensure we build homes better suited for extreme weather events, whilst also balancing the need to boost affordable housing supply.

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. Governments of all levels must fully fund and coordinate debris and hazardous waste clean-up following disasters to ensure communities are safe, and have the confidence and support they need to recover from disasters.

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.

Source: iStock, Australia, May 2026.

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

Image: MBK Aerials/Severe Weather Australia, Queensland, November 2025.