



News release

Insurance Council
of Australia

Thursday, 22 October 2026

Insurers back Victoria's mandatory flood planning rules

New development in Victoria's highest-risk flood areas will generally be off the table under the Victorian Government's new mandatory flood planning provisions, welcomed today by the Insurance Council of Australia.

The Insurance Council called for flood planning rules to be mandatory rather than discretionary in its submission on the draft guidelines. Mandatory rules will bring greater consistency, accountability and transparency to how flood risk is managed across the state.

The recently gazetted reforms bring in a Flood Risk Rating system that sets planning and building controls based on the level of flood risk, guiding where homes are built, what is built and the construction standards they must meet.

Around 1.36 million Australian properties have severe to extreme risk of flooding, mostly in New South Wales, Queensland and Victoria. Keeping new homes out of high-risk areas is one of the most effective ways to keep people safe, reduce disaster losses and protect insurance affordability. It also protects housing supply, with declared events damaging more than 145,000 homes in 2025, almost as many as the 172,000 new homes completed nationally that year.

For the reforms to deliver on their promise, councils will need to apply the new ratings consistently, and the State Government should monitor how they are applied to ensure they meet their objectives. Updated flood mapping should also be shared with insurers via [Risk Frontier's](#) National Flood Information Database so premiums reflect the latest risk information.

With New South Wales, Queensland and Victoria all reforming how planning responds to natural hazard risk, there is a clear opportunity for greater national consistency.

The Insurance Council also welcomes today's announcement of \$36.8 million in joint Commonwealth and Victorian funding for 11 projects through Round Four of the Disaster Ready Fund, particularly flood levees in Epsom and Rochester, and coastal protection at Port Franklin and Elwood. For communities already in harm's way, investing in hard infrastructure such as levees is the most effective way to drive down risk and pressure on premiums.

Quotes attributable to Insurance Council Deputy CEO Kylie Macfarlane:

The Victorian Government has made the right decision by reducing the potential for future homes to be built out of harm's way. These rules mean new homes are less likely to be built in places that we know will flood, and that's good news for all Victorians. The most expensive home is the one you build twice.

We know the best way to reduce the cost of future disasters and help keep insurance affordable over the long term is to stop building homes in places that will flood. These reforms are an important step in that direction.

Now it's about getting it right in practice. Councils need to apply the rules consistently, insurers need the latest flood maps, and the same thinking should be applied to bushfire and other hazards.