

MAYOR *Jon Raven*



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  JonRavenMayor

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Standing Committee on Economics
PO Box 6021, Parliament House
CANBERRA ACT 2600

Dear Chair,

Logan City Council submission to the *Inquiry into Insurers' Responses to 2022 Major Floods Claims*

Thank you for the opportunity to make a submission to the *Inquiry into Insurers' Responses to 2022 Major Floods Claims*. We are writing on behalf of Logan residents who are experiencing significant increases to their home and contents insurance premiums. This submission is specifically focused on the Terms of Reference Item **2g. affordability of insurance coverage to policyholders**.

Impacts of the 2022 Flood Event

The City of Logan was profoundly affected by the severe weather event of February 2022. Regrettably, approximately 300 dwellings bore the direct impact of the flood event. There was significant loss and damage to property, including home and contents, vehicles, fences and machinery. In addition to the financial setbacks by affected residents, the city endured economic impacts, such as loss of stock and income for primary producers and small businesses. Our residents and business owners have struggled with psychosocial, mental and financial stress related to the cumulative impact of multiple disasters in recent years.

The recovery effort was significant and led to prolonged disruption to Council operations. Council responded to over 22,000 calls related to the flood event and attended to over 650 requests for flood recovery assistance. Substantial damage to road infrastructure, sports and recreation facilities and Logan Water assets has necessitated the diversion of resources into repair and rebuilding efforts.

For the residents and businesses affected, the recovery has been long and difficult as they navigate the initial cleanup process alongside managing insurance claims, applying for funding, and repairing their properties and businesses.

Since the event of 2022, we have heard from many residents about the significant increases in insurance premiums they have encountered.

These increases have not only applied to properties directly affected by the 2022 event. In some cases, residents are having difficulty in seeking any insurance cover at all. As an example, one case brought to our attention revealed that insurance premiums had risen from \$150 per month to \$500 per month. Consequently, the residents were considering removing their contents insurance altogether to make it affordable.

In another similar case, residents in an over 50s village face a mandatory requirement for owners to have home insurance. If they don't comply, they risk eviction. However, if the residents opt to exclude flood cover to lower costs, they become vulnerable to significant losses in the event of a flood, as they would have no insurance protection. To meet the requirements of their tenancy while also maintaining an affordable premium, residents have chosen to forego flood coverage. This outcome is deeply concerning for our community as we seek to build collective resilience.

We acknowledge that the cost of insurance is influenced by several factors, including:

- the cost to insurers (and to the community as a whole) of recent flood and other natural hazard events
- the cost of insurers' re-insurance
- the cost of construction materials and labour.

Mitigating flood risk and minimising the impacts of flooding requires a collaborative approach involving all levels of government, the insurance industry and the community.

Actions taken to date by Logan City Council to mitigate and minimise the impacts of flooding now and into the future.

Logan City Council is making significant improvements towards mitigating the risk of flooding and minimising the impact of these significant weather events.

1. Land-use planning for flood resilience

In October 2023, Logan City Council implemented a Temporary Local Planning Instrument (TLPI), giving effect to our new flood risk map and its associated flood code. This map, for the first time, now extends to the Probable Maximum Flood, or full floodplain extent and incorporates the projections of climate change impacts. The risk map and code adheres to the requirements of the State Planning Policy 2017, aiming to prevent the placement of new urban areas in locations deemed to have an unacceptable level of flood risk. The introduction of the TLPI is a strong measure towards effectively managing flood risk now and into the future.

2. Flood mitigation and disaster response

The dispersed nature of flood impacts within the riverine floodplains, along with the characteristics of riverine flooding, poses challenges for implementing structural flood mitigations measures in Logan. Therefore, the most effective approach to reducing flood impacts is through effective land-use planning and disaster readiness and response mechanisms.

To support our community during flooding events, Council has installed a number of Flood Watch cameras across the city. Additionally, we have introduced a new and improved Disaster Dashboard, which includes real-time data from rainfall and river level gauges, supporting timely monitoring of unfolding events.

Our Council website provides videos and fact sheets to educate and assist residents and businesses in understanding and preparing for flooding. Our Logan Flood Resilient Design Guideline provides our community with information on how to reduce the impact of flooding on their homes and businesses. We will continue to improve public information to support residents and businesses in developing and enacting flood plans that prioritise safety and minimise property and business damage and loss.

3. Access to flood risk information for the community

We firmly believe that an informed and prepared community is more resilient.

In November 2023, Council released its Logan Flood Portal, offering residents and businesses access to comprehensive flood information as a crucial step towards transparency. This initiative reflects our commitment to addressing the strong recommendations made in the 2012 Floods Commission of Inquiry.

Additionally, we anticipate that providing this information will empower our community to:

- be better prepared and more resilient to flood events
- make informed investment decisions
- make informed choices about the level of flood insurance they consider necessary.

Recommendations for the insurance industry

Council is committed to ensuring transparency by providing our community with the most accurate and up-to-date flood risk information available. We have called on the insurance industry to take the same approach by sharing their flood maps and methodology related to insurance premium calculations.

We urge the inquiry to consider and provide recommendations on the following matters, representing the interests of our residents and businesses:

1. Greater transparency for residents about how individual insurers are pricing flood risk

We strongly believe our residents and businesses are entitled to understand the source of flood risk information used in determining premiums, as well as the assessed level of risk for their property, including both the building and above-floor contents. Residents and businesses must be provided with this information as part of the insurance quotation process. Providing customers with this information improves the accountability of insurers and helps the customer to make an informed choice when comparing different insurance products.

2. Consideration of a standard definition for flood risk

Flood risk is inherently complex and individual Councils and agencies present different sources of flood risk information, such as mapping, property reports and fact sheets, using different definitions, terminology and presentation styles. This disparity can be confusing for residents and business owners.

We advocate for the establishment of an industry-wide standard classification system describing the level of risk to which a property is considered to be exposed. This standardisation may include technical flood terms like annual chance (or annual exceedance probability) and/or flood hazard (depth and velocity exposure). Such a system would enable residents and business owners to compare insurance offers effectively.

3. Mechanisms for residents to provide additional information that may reduce their premiums

The pricing of insurance should correspond with the level of risk for each individual property. Residents or business owners should have the ability to provide evidence supporting their individual exposure to risk, which may include, but is not limited to:

- a detailed flood report from our Logan Flood Portal, detailing potential flood extents and depths for an event with a certain annual likelihood of occurrence
- a floor level survey demonstrating the relationship between floor levels and projected flood levels

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- evidence of resilience building in the home, such as the replacement of internal materials with flood-resistant materials.

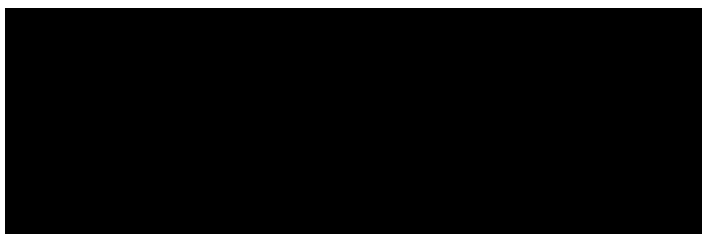
Residents of Logan have benefitted from the successful Resilient Homes Fund provided by the State Government in response to the 2022 events. As of March 18, 23 homes in Logan have applied for a house raise and 54 for resilient retrofitting. If such works proceed, we believe the increased resilience should result in reduced premiums offered by insurers.

Additionally, residents and businesses should have access to other options to enhance the affordability of insurance coverage, such as the ability to increase excess or exclude flood cover.

We request the inquiry consider the matters outlined herein and adopt a pragmatic approach to finding solutions that safeguard the financial well-being of the City of Logan residents and businesses.

If you would like to discuss our submission further, please contact our Road Infrastructure Planning Manager, Ms Megan Gould [REDACTED]

Kind regards



MAYOR JON RAVEN
LOGAN CITY COUNCIL