

Parliamentary Inquiry into the 2022 Floods

Questions taken on Notice by the Insurance Council of Australia

Question on Notice 1

CHAIR: Again, this is more for on notice, and I'll put something more precise, but I think there's been evidence that standardising the definition of 'flood' through legislation reduced the number of disputes, at least certainly in Queensland, but probably everywhere. I guess the question—and I'll put this to you—is: would there be advantages to standardising the definition of other forms of water damage like 'storm' in legislation, for example?

- **Answer:** Standardisation of definitions may provide benefits in terms of comparability of insurance coverage. Standardisation may also have impact on competition across the sector, as well as potentially on pricing of premiums, and would therefore need to be considered very carefully and in close consultation with industry. The ICA and members have engaged with Treasury on their work on standardised natural perils risk across 2023, and we are awaiting further engagement from Treasury, including the public release of any discussion paper.

Question on Notice 2

Mr HAMILTON: Thank you very much for coming, and acknowledging the concerns around process very well raised by others. I have an interest in upstream issues that impact the quantity and technical difficulty of claims processed that I'd like to work through with you. In the December 2022 meeting of National Cabinet, the Prime Minister announced a commitment to task planning ministers with developing a national standard for considering disaster and climate risk. Was the ICA consulted in that process?

Mr Hall: We are consulted on a lot by the federal government. I don't know whether we have been brought into the planning circle on that one, but we are very closely engaged with a whole raft of other different consultations with the government.

Mr HAMILTON: As to a specific ability to address this here, it's not your recollection that you've been consulted on that one?

Mr Hall: I'll have to take it on notice and check.

- **Answer:** The ICA has informally discussed the National Cabinet decision with both the Commonwealth and New South Wales Governments, however has not been involved in any formal consultation process on the decision or its implementation. We understand that Ministers were meant to report back to National Cabinet by the end of 2023 and are not aware of this having occurred. Moving from the National Cabinet statement of December 2022 to the implementation of specific policies and clear direction will require significant effort and is a matter of urgency. The ICA would be pleased to be involved in any consultation process with National Cabinet on this important matter.

Question on Notice 3

Mr VAN MANEN: Both of my local councils have flood maps, but I don't believe they're on the national flood information database.

Mr Hall: I'm pretty sure yours would be.

Mr VAN MANEN: I had a look, but maybe I was looking in the wrong place.

Mrs Macfarlane: We'll take it on notice.

- The National Flood Information Database (NFID) does not currently contain flood mapping information for the Logan City Council area. The NFID does contain flood mapping information for the Gold Coast City Council area.

Question on Notice 4

Mr NEUMANN: Why was your industry acquiescent when the Abbott government got rid of the national insurance affordability initiative of the Gillard government after 2013, which was the very point that you're making? I recall your industry not saying very much at all about that.

Mr Hall: I would have to research that and take it on notice. That would not be my posture these days, though. I think we're at a point now where we have no choice but to be very upfront with government around what the risk challenge is.

- **Answer:** The Insurance Council and insurance industry have long called for more investment in risk mitigation infrastructure and strongly supported the establishment of the Hazards Insurance Partnership and Disaster Ready Fund, which seek to achieve similar aims to the previous National Insurance Affordability Initiative. A key outcome of the National Insurance Affordability Initiative was the construction of the Roma flood levy, which to this day is a highly successful example of the type of risk mitigation infrastructure the industry supports that could be funded through the Disaster Ready Fund.