



31 October 2023

Dr Daniel Mulino MP  
Chair - House of Representatives Standing Committee on Economics  
Inquiry into Insurers Responses to 2022 Major Floods Claims

Via email: [floodinsurance.reps@aph.gov.au](mailto:floodinsurance.reps@aph.gov.au)

Dear Dr Mulino

**SUBMISSION TO HOUSE OF REPRESENTATIVESTHE 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*. The Sutherland Shire local government area has been impacted by a number of severe weather events over recent years – including the July 2022 greater Sydney major flood event, and these events have had a material impact on Council's services and assets and members of our community.

Council's submission is confined to specific items within the Inquiry Terms of Reference, as set out below. Please note, this submission is made by Council Officers in accordance with their delegated authority.

**2.c** *timeframes for resolving claims; and*

**2.d** *obstacles to resolving claims, including factors internal to insurers and external, such as access to disaster-hit regions, temporary accommodation, labour market conditions and supply chains;*

The current Commonwealth and associated State Government Disaster Recovery Funding Arrangements are dated (2018) and need review. Climatic conditions have evolved since these arrangements were established. Events can be far more localised but equally devastating to local communities yet do not qualify for disaster recovery funding relief. There can also be degrees of devastation that affects local communities and supporting services and infrastructure. This should

enable a more nuanced approach to disaster recovery relief through a tiered disaster declaration process to enable easier access to some relief.

Insurer use of loss adjustors / assessors in catastrophe events is highly problematic because there are never enough to get the job done in a timely manner and they take too long to furnish reports to insurers who in turn take too long to make payments on claims. There needs to be catastrophe event assessors who do the work on behalf of all insurers and there needs to be a two-tiered approach to assessment that enables make safe and some initial repairs before final assessment. Some insurers do that already, however there appears to be a different approach for residential insurers and commercial and public asset insurers and this should not be the case.

#### **2.f *accessibility and affordability of hydrology reports and assessments to policyholders***

Access to hydrology reports and assessments is largely out of reach for a significant number of policy holders. Further, these are complex and highly technical pieces of work. Council makes copies of its current flood studies available to the public at no cost through its website. The flood studies provide information about the nature and extent of flooding in a particular location. However, Council is aware that commercial insurers undertake their own natural peril risk modelling and this is used to inform their property insurance underwriting philosophy (including premium pricing, terms and exclusions). Insurers should be compelled to routinely share their flood risk modelling with policy holders so they can make informed decisions about purchasing property and property insurance and about investing in property flood risk management works.

#### **2.g *Affordability of insurance coverage to policyholders***

Residents with natural watercourses on their property may experience significant erosion and damage following flooding and severe storm events. Erosion of land, fallen tree removal, etc. may not be covered by the resident's insurance policy. Reinstatement of the eroded land and removal of debris can be a significant cost. Whilst there are some grant programs for response and recovery to storm damage on public land, there are no known programs that fund works on private property. Given the cost of property insurance and the limited, if any, recourse it provides to policy holders in these instances, there should be some form of disaster relief for private property owners to support reinstatement of flood damaged private land.

#### **2.i *the impact of land use planning decisions and disaster mitigation efforts on the availability and affordability of insurance.***

To support local government flood risk management, insurers should be compelled to routinely share their natural peril risk modelling with councils for use to inform Council flood risk management studies and for Council community asset risk management measures. In addition, to enhance consistency and certainty, the State Government should prescribe specific and consistent

direction on the required habitable floor levels in relation to the annual exceedance probability. This should be supported by regularly updated variable inputs such as predicted rainfall (per decade), the predicted sea level rise (per decade), and percentage adjustments based on forward State Infrastructure programs to mitigate run off and flooding.

There should be Federal and State Government funding for councils to support natural peril risk modelling and risk-based asset assessment to improve resilience and capacity. The fire service levy could also be expanded and better used to fund not just emergency services but vital public infrastructure maintenance – such as roads and bridges – to improve flood risk management.

Thank you again for the opportunity to provide a submission to the review.

Yours sincerely

Manjeet Grewal  
**Chief Executive Officer**