

Climate Change – Improving Community Resilience to Extreme Weather Events

Key Points

- Australian governments, individuals & businesses must now adapt to a future containing more extreme weather events and conditions.
- The general insurance industry in Australia, through the Insurance Council of Australia, has produced a template for the required changes and has commenced a work program designed to encourage those changes.
- Without effective mitigation of the extreme weather and climate risks facing property and assets, the cost of offsetting those risks (insuring) is likely to rise in proportion to the risk.
- Without changes to taxation policy as it relates to general insurance, more individuals in the future may elect to rely solely upon government and the community for financial recovery following an extreme event.
- Action is required now in order to establish a framework of government regulation and community behaviours that lead to both a viable future built environment and risk appropriate decision making by individuals and businesses.

Background

- In Australia 19 of the 20 largest property losses in the previous 40 years have been weather related. It is in this context that general insurance products provide essential risk cover for Australians. The industry provides a financial recovery mechanism from weather related catastrophes by evaluating, pricing and spreading the risk of such events, and then paying claims when they arise.
- The general insurance industry therefore has a heightened awareness of climate change driven by predictions of an increasing number of extreme weather events.
- There is agreement in the scientific community that a level of climate change can now be described as ‘locked in’ or as ‘unavoidable’. This is regardless of even the most aggressive of mitigation and greenhouse reduction proposals. These ‘locked in’ changes will arrive on the back of an Australian environment that already has a rich history of weather related natural disasters. On this basis there is a strong need to adapt human behaviour to not only predicted increases in extremes but to the current level of extreme weather events that occur in Australia.
- The focus for the general insurance industry is to assist in increasing community resilience to extreme weather events as they manifest now and how they may manifest into the future.

- Improving the community's ability to withstand and recover from extreme weather events, particularly those predicted as a result of climate change, requires an elementary shift in approaches to:
 - Risk management of the built environment, and
 - Policies and human behaviours that underpin community resilience to extreme weather events.
- The purpose of this paper (PDF available below) is to identify the broad regulatory, community and industry initiatives required in order to adapt aspects of community operation to a future environment that includes more extreme weather events. The method employed in this document is to focus on the concept of community resilience as a function of the built and social environment.

Contact

Karl Sullivan

General Manager

Policy Risk & Disaster Planning

T: 02 9253 5155

ksullivan@insurancecouncil.com.au