



Mr Mike Blake
Review Investigator
Government Flood Review
GPO Box 308
HOBART TAS 7001

By email: brian.edmonds@ses.tas.gov.au

Dear Mr Edmonds,

Submission to the Tasmanian Government Flood Review

IAG welcomes the opportunity to contribute a submission to the Tasmanian Independent Review of June 2016 Floods.

Improving flood resilience through mitigation and information sharing

The Productivity Commission Inquiry Report into Natural Disaster Funding Arrangements 2014 outlined the crucial role of mitigation in improving effectiveness of strategies, preparedness, management of risk, and overall resilience to flood risk in Tasmania. The report highlighted a number of benefits to committing to greater mitigation funding including 'improved community safety and resilience, a reduction in damage to property, speedier recovery, and a reduction in the overall costs to the national economy' (p. iv).

Further, the *Australian Business Roundtable for Natural Disaster Resilience and Safer Communities* in 2013 commissioned a report, 'Building our nation's resilience to natural disasters', that found that depending on the type and location of activity undertaken, flood mitigation investment can generate a benefit-cost ratio of up to 8.5 relative to post-disaster spending. Therefore, mitigation not only contributes to the safety of individuals and communities but it also is the only effective long-term strategy for managing the increasing costs of natural disasters faced by Australian governments. (p. 11)

Finally, the greater availability of and transparency around the flood risk mapping would help insurers to work in collaboration with the government to educate and assist and customers and businesses to understand their risk and consider their options for mitigation. This information has significant economic value, as it reduces risk, will benefit planning authorities, banks, financiers and developers, and allow insurers to understand risks with greater clarity.

Governments should ensure that all flood mapping data produced, particularly by local governments, in their jurisdiction is freely made available to the insurance industry and other relevant stakeholders.

In Tasmania, flood mapping is significantly less complete and the data of lower quality than many other jurisdictions. IAG believes that this is something that should be addressed and would welcome the opportunity to discuss the benefits of improved flood mapping.


IAG's response to the June 2016 floods

IAG's commitment to making the world a safer place for our customers is clearly demonstrated in our response to the flooding of June 2016 in Tasmania. To date IAG has received 382 claims relating to the event of which 312 (82%) have already been fulfilled with payouts totalling over \$4.77 million thus far.

In responding to the above claims related to flooding, IAG uses a mandatory definition that is prescribed by the Insurance Contracts Act 1984 (Cth) Insurers are not able to deviate from this standard definition when offering flood cover and premiums are based on risk, with the higher premiums relating to areas with higher flood risks.

Should our customers be dissatisfied with any aspect of their claim they can request it to be internally reviewed and furthermore they can request an independent external review of their claim through the Financial Ombudsman Service. Should you have any further questions about this submission or a related matter please contact **Umesh Ratnagobal** on **+03 9279 5029**.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Reece Williams', with a stylized flourish at the end.

Reece Williams
National Manager, Portfolio Management SME & Agribusiness