

Media release

Disaster recovery under the microscope

The insurance industry is using artificial intelligence and other technologies to improve its systems and processes to deliver at-scale responses after natural disasters.

Research shows 98% of post-disaster claims are resolved in a timely way with repairs completed and people able to get on with their lives.

A Deloitte [review](#) of the industry's catastrophe preparedness, commissioned by the Insurance Council of Australia (ICA) and released in October 2023, found the Australian industry was a world leader in responding to extreme weather.

The insurance industry's responses to natural catastrophes will be explored in a panel session at the Australian Insurance Law Association's (AILA) National Conference on the Gold Coast in September.

Ben McKinnie, Account Director, BMS Group; Daniel Sirone, Executive General Manager, Home Claims & Building Services, with Sedgwick; and Kylie Macfarlane, ICA Chief Operating Officer, form the panel.

Mr Sirone said there were practical initiatives that could mitigate against big claims, including flood barriers that prevent or reduce significant damage.

The [Resilient Building Council](#) offers a self-assessment tool that gives homeowners transparency on what they can do to make their homes more resilient.

Mr McKinnie said "qualified, mature insurance purchasers can see that risk mitigation is viewed more favourably by underwriters".

Mr Sirone said Sedgwick supports the work of the Queensland Government's [Resilient Homes Fund](#), which helps flood-affected homeowners to repair, retrofit or raise their homes or relocate to safer areas.

He said evidence given to the House of Representatives Standing Committee inquiry into insurer responses after the 2022 floods had demonstrated that there was "a delicate balance between community and regulatory expectations" when disasters occur and how the industry responds to those expectations. The inquiry will report by 30 September 2024.

When disaster strikes, it is often the most vulnerable customers that are worst affected. People who have built homes or business on land that's affordable, because it's on a flood plain, find it's expensive over the long term.

Mr McKinnie said poor planning was "not insurers' fault".

Panellists will suggest there needs to be better education about risk because climate change means natural catastrophes now occur more frequently.

They also agree homeowners need to optimise outcomes from their insurance purchases by ensuring properties are well maintained and therefore less vulnerable when disasters occur.

Mr McKinnie said unforeseen events were now foreseen, so insurers were considering other options like alternative risk financing and parametric insurance. He said the onus to rectify after disasters could not rest squarely with insurers, who had a duty to shareholders as well as their insureds.

Mr Sirone said it was important to maintain clarity after events resulting in mass claims. “Many people see insurance as a grudge purchase, but the industry responds and pays claims when events occur. Thousands of colleagues in the industry display great skill, knowledge and experience to help people and businesses in their time of need,” he said.

Ms Macfarlane, Mr Sirone and Mr McKinnie will expand on their views on disaster mitigation and preparedness during their presentation at the [2024 AILA conference](#).

The event, at the Gold Coast Convention and Exhibition Centre at Broadbeach, features a wide range of speakers who will explore issues that will shape the insurance market’s future and consider how the industry should respond.

AILA National President Melanie Quixley says the theme of *Sunny Side Up* will see speakers explore the opportunities for insurance to “positively influence the community, the climate and our way of living moving forward”.

Registrations are [now open](#).

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