The CHAIR: On that, I can see the sea level rise forecasts and understand those, the way they've been presented, but one thing we know is the increase in intense storm surge et cetera and, therefore, the exacerbation of coastal erosion. What's the value of property that is vulnerable to actions of the sea? Do you have that? Is that a figure that has been quantified?

KYLIE MACFARLANE: I don't have that figure at hand. What I can do is refer back to the piece of research that we commissioned in 2021-22 on actions of the sea and take that question on notice.

Answer:

The Insurance Council of Australia's October 2021 report *Climate Change Impact Series: Actions of the Sea and Future Risks* confirms significant additional investment will be required to mitigate the risks of coastal inundation and sea level rise. It estimates that Australia will require at least $30 billion of investment in large scale coastal protection and adaptation projects over the next 50-years to avoid damage and financial loss and additional economic loss due to community disruptions. Further information available at [Climate Change Impact Series: Actions of the Sea and Future Risks (insurancecouncil.com.au)]

The Insurance Council also understands data and analytics company CoreLogic undertook an assessment into this matter in 2022. Its report *Coastal Risk Scores For Financial Risk Assessment* estimated increasing storm surges and coastal erosion have the potential to impact $25 billion worth of Australian residential coastal property.

The Insurance Council highlights this report for the Committee's information and emphasises it cannot verify the accuracy or veracity of the data.

Question 2

The CHAIR: Are those costs of emissions considered in premiums paid? Are we at that point in the insurance industry?

KYLIE MACFARLANE: For clarity, are you asking if an insurer is pricing based on emissions outage?

The CHAIR: Yes.

KYLIE MACFARLANE: Certainly that's not my understanding, but I can take that question on notice.

Answer:

A range of factors go into premium pricing, including an assessment of risk, the likelihood of those risks causing damage or loss, and the amount it would cost to repair, replace or rebuild something as a result of that damage or loss. Other costs incorporated into premium pricing include reinsurance (insurance for insurers), business costs and taxes.

Insurers do not factor into this pricing framework the costs of emissions, however in line with Australia's draft climate disclosure framework insurers are increasingly considering how to measure and report on their scope 3 emissions, which includes emissions relevant to underwriting.