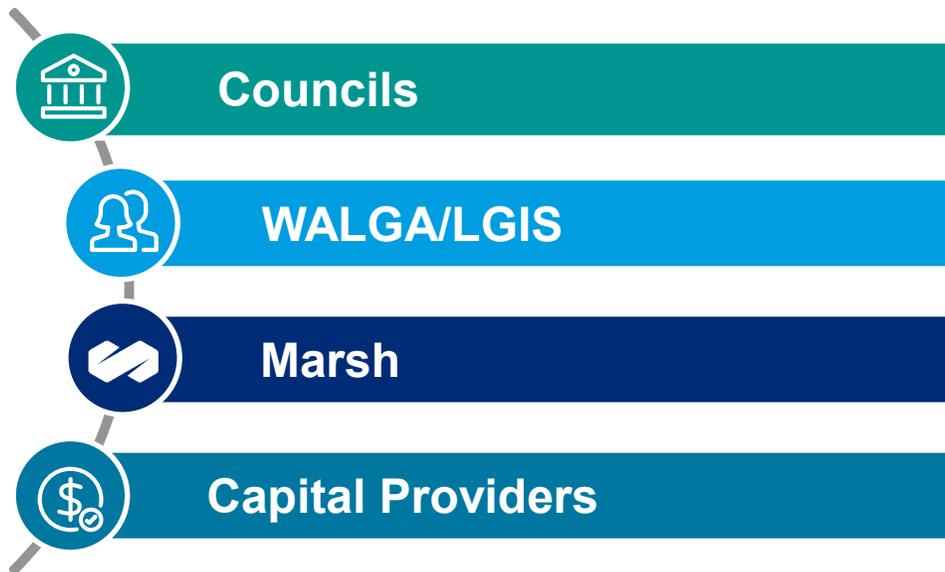


Climate change and WA local government

4 October 2022
Rupert Flury, Marsh

Protection in a global market

Local government, think national, think global,
act local



- Climate change and systemic risk.
- Rating agencies pricing for climate exposure.

What does Australia face?

- Extreme weather events are increasingly becoming disaster events.
- Direct costs of extreme weather events are forecast to increase at an accelerating rate.
- Projected costs projected to rise to \$35 billion in 2050.
- Uninsured losses are likely to result in heavy losses to banks.
- Climate change risks should be taken into consideration in policy making.

Source: Insurance Council of Australia. The cost of Extreme Weather, McKell Institute report. www.insurancecouncil.com.au. 28 September 2022.



What does it mean?

Capital providers, are considering climate impacts



Physical assets

- Use models to assess risk, manage exposures.
- Primary perils being enhanced for secondary perils.
- “Hard market” for natural catastrophes.



Liability risks

- Must prove negligence
- Regulator pressure.
- Climate exclusions.
- Increasing climate change litigation.



A resilient Australia

All levels of government working together



Recommendations

- Insurance Council of Australia “Building a more resilient Australia” report.
- Increase Commonwealth resilience funding.
- Establish natural peril data centre/sharing of hazard-related data.
- Review land use planning arrangement and amend national building codes.



Pooling

- Public/private partnerships.
- Leveraging WALGA’s mutual.
- National local government vulnerability program.



Alternative Capital

- Parametric insurance.



ESG Activity

- Moody’s / Chaucer
- Marsh and ESG
- .

Thank you



This document and any recommendations, analysis, or advice provided by Marsh (collectively, the “Marsh Analysis”) are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. This document contains proprietary, confidential information of Marsh and may not be shared with any third party, including other insurance producers, without Marsh’s prior written consent. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modelling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Except as may be set forth in an agreement between you and Marsh, Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party with regard to the Marsh Analysis or to any services provided by a third party to you or Marsh. Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or re-insurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage.