Media Release

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Flood Mapping the Silver Bullet for Australia's Insurance Crisis

30 September 2011, Melbourne: On the eve of the release of the National Disaster Insurance Review (NDIR), a leading spatial industry expert has declared cutting edge mapping technology used during the Queensland Flood crisis is the key to providing cover to flood-prone Australians.

The NDIR was commissioned in the wake of last January's floods in Victoria and Queensland to investigate the state of natural disaster insurance coverage.

A main focus of the NDIR was the lack of availability of insurance to at-risk properties.

Esri Australia Principal Consultant for Financial Services Gary Johnson said mapping technology driven by Geographic Information Systems (GIS) is the silver bullet for insurers to address areas covered by the NDIR, including cover, claims and policy education.

"Insurers cannot write a policy without accurately understanding risk; and GIS is the only way insurers can gain a holistic view of risk they face.

"By layering detailed flood models over residential or commercial property data on a map, GIS technology can quickly and accurately reveal the level of risk a property faces, equipping insurers with the ability to write better policies.

"This reduces risk – for both the customer and the insurer – and the improvement in cover increases competition in the marketplace, which ultimately drives greater service and a more competitive offering to householders in flood prone areas."

As market-leaders in Australia's $2.1 billion spatial industry, Esri Australia is the nation's authority on flood mapping and GIS technology.

During the Brisbane Flood Crisis, Esri Australia developed the award-winning Brisbane City Council Flood Map, which provided a clear view of the scale of the 2011 flood disaster, before the event fully unfolded.

"Flood Map was a key information source for emergency response teams and the Brisbane City Council, guiding recovery operations and supporting critical decisions," said Mr Johnson.

"More than three million members of the public also accessed the map at the height of the crisis, which was developed and released in less than 12 hours.

“Moving forward, this technology will equip insurers with unprecedented foresight and ensure that the difficulties faced by both insurance firms and policy holders following the crisis are avoided.”

Mr Johnson said a flood mapping system would enable better decision-making by insurers, as it displays common relationships between disparate types of data.

“With GIS, insurers will be able to clearly visualise the impact a flood has had on a property and quickly build an accurate picture of the properties of their affected policy holders.

“This allows insurers to move forward with the claims process more rapidly.”

Following the flood crises, underinsurance for at-risk properties was widely attributed to a lack of understanding by policy holders.

Mr Johnson said flood-mapping technology would assist insurance companies in educating policy holders on the potential natural dangers their assets faced.

“Individuals often make decisions on whether or not to include flood cover without a complete understanding of the perils they face,” Mr Johnson said.

“Using flood mapping to present a property’s natural hazard risks in an easy to understand visual format enables buyers to be more informed and take appropriate action – before it’s too late.”

Mr Johnson said GIS would also improve the field assessment of claims.

“The coordination of assessors in the field includes assigning staff to claims, keeping track of assessed areas, and assigning repair jobs to the most appropriate tradespeople,” Mr Johnson said.

“Staying on top of these tasks is traditionally an administratively burdensome process that can cause lengthy delays in the claims process.

“GIS provides a single point of truth for all this information to be collated and produces a common operating picture to all staff, significantly reducing time and cost.”

Mr Johnson said, while some insurers used flood mapping to a small extent, most were yet to take full advantage of the technology.

“GIS technology is not new to the industry, however how it was deployed during the Brisbane Flood crisis highlighted its value as a predictive modelling and risk assessment tool in the likely event of a natural disaster.

“Insurers need to investigate their GIS capabilities and consider leveraging the technology they already have to drive better community and policy holder outcomes.”

The NDIR Panel is scheduled to hand its final report to Assistant Treasurer Bill Shorten today.

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About Esri Australia
Esri Australia has a 33 year history of providing location intelligence and data mapping solutions that help organisations make smart business decisions. The combination of local expertise and world-leading Esri GIS technology has helped thousands of government departments and commercial organisations to turn their data, information and knowledge into collective insight to reveal opportunity.

About GIS
Geographic Information Systems are a key piece of technology used in thousands of organisations Australia-wide from the military and government, to the insurance and mining sector. Australia's GIS industry currently stands at over $2.1 billion and more than 300,000 organisations across the world use Esri GIS.