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## Climate change and the insurance industry - what does the future hold?

1. Explain how climate change is reshaping the insurance industry in relation to:

- Risk modelling
- Premium costs
- Coverage availability

Then, discuss one implication for developers or property owners when planning new projects in high-risk areas.

Climate change is reshaping the insurance industry by forcing risk modelling to incorporate more frequent and severe weather events, which in turn drives higher premium costs for properties in vulnerable areas and reduces coverage availability for locations exposed to floods, bushfires, or extreme storms. One implication for developers and property owners is the need to prioritise climate-resilient design and site selection, as investing in mitigation measures or avoiding high-risk areas can directly influence insurability, project viability, and long-term financial risk.

2. You are designing a community facility in a region increasingly affected by floods and bushfires.

Identify two strategies an architect could implement to mitigate risk and improve insurability.

Explain how collaboration with insurers and understanding policy frameworks can help drive climate-resilient design choices.

An architect/designer could elevate the building and use flood-resistant materials to reduce flood damage and incorporate fire-resistant landscaping and façade systems to mitigate bushfire risk, both of which enhance the facility's resilience and insurability. Collaborating with insurers and understanding policy frameworks helps identify acceptable risk thresholds, required mitigation measures, and coverage conditions, guiding design decisions that not only protect occupants and assets but also improve the likelihood of obtaining affordable insurance and long-term operational sustainability.

3. Which of the following best describes the role of the insurance industry in shaping climate-resilient development?

- A. Preventing development in all rural areas
- B. Encouraging faster construction timelines
- C. Influencing building practices through premiums, policy conditions, and risk assessments
- D. Reducing the need for climate-responsive design by offering universal coverage

Correct Answer: C