

# Lot owners slam ACCC over insurance 'failure'

Regulator's figures are wrong, group says

TONY RAGGATT

THE competition regulator has been accused of failing to deliver on its job of setting baseline premiums and profit measures for our sky-high property insurance despite being allocated more than \$18m in taxpayer funds for the task.

But when the Bulletin asked the Australian Competition and Consumer Commission to respond to the claims, it did not answer our questions.

Instead, in a statement the ACCC said, in part, that it had used its compulsory information gathering powers to obtain data for its first insurance monitoring report from 15 insurers and that there were "significant" penalties for non-compliance, including for providing the ACCC with any false or misleading information.

The ACCC has been required to monitor for five years the prices, costs and profits on insurance for homes, strata titled residences and certain commercial premises in northern Australia before and after the introduction of the government's cyclone reinsurance pool.

The pool came into effect last year and the ACCC recently issued its first report.

It finds the average premium for residential combined building and contents insurance in northern Australia in 2021-22 was "around" \$2370, \$1020 above the rest of



Andrew Turnour of the Townsville Lot Owners Group wants better regulation of insurance.

Australia (\$1350) and that for strata it was "around" \$5740, almost double the south (\$2940).

It says the average premium for small business building and contents insurance was "around" \$3160, compared with \$1610 in the south.

But the Townsville Lot Owners Group, which has been collecting insurance tax invoices from strata properties in North Queensland,

says the figures are wrong. In a report to the government, the group says the average 11-pack strata premium in northern Australia is \$30,000, around 10 times the ACCC's rest of Australia figure.

"Strata premiums are increasing, \$500,000 and \$1m (on unit complexes) have been witnessed in Townsville in 2021. Is our ACCC truly strata insurance blind here?" the group's report asks.

Report author, Townsville resident Andrew Turnour, said the ACCC had used unverified data sourced from the insurance industry and not balanced it with consumer tax invoice evidence.

"The report looks at only the insurers' home insurance 'selling' prices and not the home insured consumer 'buying' prices which have inflicted so much pain on the gouged home insured northern Aus-

tralia communities," he said.

"This failure we believe could impair the Australian Reinsurance Pool Corporation Cyclone Reinsurance Pool project outcomes of delivering affordability and northern Australia insured."

The group has asked Assistant Minister Stephen Jones not to accept the ACCC report and for it to be revised.

Mr Jones's office has been asked for comment.

## Extreme weather risk talks

THE Insurance Council of Australia has welcomed the first meeting of the Hazards Insurance Partnership to discuss how insurers and government can work together to reduce extreme weather risk and put downward pressure on premiums.

Insurance Council of Australia CEO Andrew Hall said insurers had a critical role to play in identifying the risks from worsening extreme weather and the data they provided to government would help drive the investment needed to reduce that risk.

The meeting follows the establishment of a \$1bn Disaster Ready Fund by the Albanese Government.

Mr Hall said APRA data showed insurers had made an underwriting loss of \$250m on home policies in the year to September 2022 and a \$315m loss the previous year.

Measures that would reduce extreme weather risk and put downward pressure on premiums included greater investment in community infrastructure such as flood levees, programs to retrofit homes to make them more resilient, and changes to land use planning so no more homes are built in harm's way.