

**Observation-7: Australian Strata Economics.**

Community Titles Scheme (CTS) Strata Data from various internet sources, treat all data as estimated as needs to be validated by government. We need precise strata apartment home economics post code numbers from our Queensland and Federal Government regulators to improve our NQ Insurance policy decision making.

**Table-B: CTS Strata Apartments Economics<sup>1</sup>**

	Australia	Queensland	Townsville
CTS - Strata Schemes <sup>2&amp;3</sup>	340,601	50,722	1,527
CTS Lots – apartment units	2,869,845	509,467	15,322
Building Insured Value (BIV) <sup>4</sup>	\$1,117 billion	\$203 billion	\$13.4 billion
Employment Direct	9,330	1,825	125
Trade Services pa	\$5,728 million	\$845 million	\$69.3 million
Professional Fees pa	\$903 million	\$304 million	\$10.9 million
CTS Insurance Premiums <sup>5</sup> pa	\$995 million	\$192 million	\$53.6 million
CTS GST (10%) pa	\$99.5 million	\$19.2 million	\$5.36 million
CTS Stamp Duty (9.9%) pa		\$19.0 million	\$5.31 million
Broker & Intermediary <sup>6</sup> Commissions/fees (20%) <sup>7</sup> & <sup>8</sup> & <sup>9</sup> & <sup>10</sup>	\$198 million	\$38.2 million	\$10.7 million
CTS ARPC Terrorism Tax			\$60,000
CTS Body Corporate Committee Volunteers	600,000	150,000	7,000

- Our TsvLog 2021 studies indicate there are an estimated 120,000 apartment residents who live and vote in North Australia (NA). On average they are paying around 5 times more home strata insurance than the 330,000 Australian strata buildings below the Qld "Rockhampton Line" of home insurance discrimination.
- ACCC report<sup>11</sup> NQ has 6,610 CTS residential strata policies (60,000 apartments = 90,000 voters)
- ACCC report NA has 9,013 CTS residential strata policies (90,000 apartments = 120,000 voters)

<sup>1</sup> A25.3 - Info UNSW National Strata Data Report 2020, Other table numbers presented are ratio'd and or estimated.

<sup>2</sup> A14.6p124 - ACCC reports the 9013 North Australia Strata policies make 3% of national strata policies,

<sup>3</sup> A25.3B City Futures at cityfutures.be.unsw.edu.au/research/projects/national-strata-data-analysis 2020 national strata schemes

<sup>4</sup> A25.3.p12 - City Futures at cityfutures.be.unsw.edu.au/research/projects/national-strata-data-analysis

<sup>5</sup> CTS Insurance premiums Tax invoices study depict averaged premiums around 0.5% of BIV for TSV and 0.1% for rest of Australia..

<sup>6</sup> A34.6p5: ICA 2012 submission Residential Strata Insurance, that product is sold by Brokers and Strata Managers acting as agents.

<sup>7</sup> A7.6 info Strata Ratings agency serve over 300,000 strata schemes in Australia nominal Insurer paid insurance commissions.

<sup>8</sup> A14.6p445 ACCC-20 report Figure-16.22 – 17.5% commissions on strata revenues of \$14 million to \$60 million increase 2019

<sup>9</sup> A14.6p501 ACCC-20 report chapter 19 15-20% commissions are common.

<sup>10</sup> A14.6.p507 ACCC The scale of payments to intermediaries, \$650 million for Australia, \$62 million for Northern Australia

<sup>11</sup> A14.6p427 ACCC-20 report Table 16.2

**Observation-20: Queensland Community Titles Scheme Statistics.**

<b>Queensland Data Explorer LGA Community Titles Schemes listing March 2021</b>			
<b>Local Government Area</b>	<b>Community Title Schemes</b>	<b>Lots</b>	
<b>LGA</b>	<b>Number of CTS</b>	<b>Lots</b>	
Cloncurry Shire Council	1	10	
Cook Shire Council	8	80	
Charters Towers Regional Council	13	130	
Torres Shire Council	14	140	
Hinchinbrook Shire Council	20	201	
Mareeba Shire Council	43	431	
Weipa Town Authority	90	903	
Mount Isa City Council	93	933	
Isaac Regional Council	96	963	
Burdekin Shire Council	99	993	
Tablelands Regional Council	139	1,395	
Cassowary Coast Regional Council	157	1,575	
Livingstone Shire Council	245	2,458	
Douglas Shire Council	313	3,141	
Whitsunday Regional Council	423	4,244	
Bundaberg Regional Council	568	5,699	
Mackay Regional Council	1,089	10,927	
<b>Townsville City Council</b>	<b>1,527</b>	<b>15,322</b>	<b>Lots</b>
Cairns Regional Council	1,858	18,643	
<b>NQ CTS above Rockhampton Line</b>	<b>6,796</b>	<b>68,218</b>	
<b>Queensland CTS Total</b>	<b>50,772</b>	<b>509,467</b>	<b>13.4%</b>

- 100% of Qld Strata buildings must be insured per BCCM regulations.
- 6,796 of the 50,772 Queensland Strata homes are in North Queensland (NQ).
- 100% of NQ strata lot owners on average pay 5 times the Insurance premium containing 5 times more GST (10%) & Stamp Duty (9%) & Commissions (20%) than the strata insured below the Rockhampton line<sup>1</sup>.

Q1 **Who** established this Queensland dividing Rockhampton Line? Government or Insurers?

Q2 **Why** cannot NQ strata community have the same "material" building insured premium as Southeast Queensland is entitled to?

- SEQ strata buildings gross insurance premiums are on average invoiced at 0.1% of their building sum insured value<sup>2</sup>. NQ TSV strata insurance tax invoice surveys indicate TSV strata are invoiced on average around 0.5% of their sum insured value.

Q3 **How can NQ strata insurance prices keep increasing when there is no change in NQ natural disasters risks for the last 11 years?**

- The 90,000 NQ strata insurance gouged residents are voters.

<sup>1</sup> TSV.LOG Townsville Strata Insurance tax invoice study 2021.

<sup>2</sup> ACCC-Northern Australian Insurance Inquiry 2020 final report.



**Observation-27: Australian Cyclone History Statistics**

For the 53 years from 1967 to 2020 there have been 520 BOM named cyclones. Of which only 23 years incurred 26 cyclone damage events to make this listing. The years 1967, 1974 and 1990 had double cyclone damage events. And yes, cyclones are decreasing in annual number since 1967. But claims losses are increasing in later years and are believed to contain much higher new generation claims administrations vagaries, gold-plated FIFO repair and numerous recovery costs loadings<sup>1</sup>. Strata damage loss component is ACCC estimated to be less 3% of the total damages reported below.<sup>2</sup>

<b>AUSTRALIA'S WORST CYCLONES</b>						
Rank	Name	State	Year	Y	Losses*	
14	Cyclone Elaine	Qld	1967		\$ 390	
7	Cyclone Dinah	Qld	1967		\$ 878	
6	Cyclone Ada	Qld	1970		\$ 1,010	
10	Cyclone Althea	Qld	1971		\$ 648	
25	Cyclone Daisy	Qld	1972		\$ 116	
4	Cyclone Madge	WA.NT.Qld	1973		\$ 1,492	
21	Cyclone Zoe	Qld.NSW	1974		\$ 171	
1	Cyclone Tracy	NT	1974		\$ 4,100	
12	Cyclone Joan	WA	1975		\$ 398	
16	Cyclone Alby	WA	1978		\$ 265	
15	Cyclone Hazel	WA	1979		\$ 287	
19	Cyclone Cliff	Qld	1981		\$ 205	
18	Cyclone Winifred	Qld	1986		\$ 205	
24	Cyclone Herbie	WA	1988		\$ 117	
22	Cyclone Aivu	Qld	1989		\$ 138	
23	Cyclone Joy	Qld	1990		\$ 121	
20	Cyclone Nancy	Qld.NSW	1990		\$ 197	
9	Cyclone Justin	Qld	1997		\$ 650	
17	Cyclone Sid	Qld	1998		\$ 245	
26	Cyclone Vance	NT	1999		\$ 108	
8	Cyclone Larry	Qld	2006		\$ 799	
13	Cyclone Tasha	Qld	2010		\$ 393	
3	Cyclone Yasi	Qld	2011		\$ 1,532	
5	Ex-TC Oswald	Qld.NSW	2014		\$ 1,130	
11	Cyclone Marcia	Qld	2015		\$ 544	
2	Cyclone Debbie	Qld	2017		\$ 1,565	

*A34.2 Suncorp Submission to Insurance 2018 NAII 51 pages*

*\*insurance losses, estimated loss value in 2015 dollars (apart from Cyclone Debbie, actual losses) Source: www.disasters.org.au*

<sup>1</sup> A14.6.p129 – ACCC Figure 5.14 & 5.15 Gross claims expense for all northern Australian home, contents and strata products, 2008–2018. \$450 million NA & \$4,200 million ROA is unclassified by the ACCC.

<sup>2</sup> A36.0.p23 – Northern Australia Insurance Premiums Taskforce 2015 Finity consulting

### Observation-42: NQ Cyclone Reinsurance Tax Invoice Visibility.

For the 17<sup>th</sup> December 2021, the Federal Treasury Cyclone Reinsurance Pool (CRP) requested stakeholder draft legislation views. Below are some segments of our TLOG submission back then.

**The ARPC draft legislation factsheet extract:-** Improving insurance affordability for Northern Australia (NA). The Government is implementing a reinsurance pool for cyclones and related flood damage, which will be backed by a \$10 billion Government guarantee and cover household, residential strata and small business property insurance policies. The Australian Reinsurance Pool Corporation (ARPC) will operate the pool from 1 July 2022. The pool will improve the **accessibility** and **affordability** of insurance for households and small businesses in cyclone-prone areas across Australia.

Our TLOG submission focused on the draft CRP legislation’s lack of project outcomes visibility when this CRP project gets underway.

**We asked** that the CRP legislatively specify that all insurance policies requesting cyclone re-insurance be issued to strata consumers in a single standalone CRP cyclone specific insurance tax invoice. This is to prevent the cyclone insurance cost visibility being lost if it is comingled or bundled with the current shopping list of “prescribed” and “optional” insurance products that are currently evasively tax invoiced to the strata consumer<sup>1</sup>. Doing this stand-alone CRP insurance tax invoice per property applicant will provide the Governments, the ACCC (the CRP roll out regulator) and the strata consumers with enough visibility to monitor the Northern Australia (NA) and North Queensland (NQ) CRP uptake and proof that the 58% affordability savings are being delivered to Northern Australian strata homes.

**We asked** that the Treasury direct APRA to create a new suite of CRP reporting statistics to match the Treasury ARPC-C Factsheet Attachment-A listing that defines the **ten** eligible policy and property types that can qualify for the CRP insurance. APRA must direct the insurers to deliver this Attachment-A “granular” cyclone liability insurance by separated building types with post code and street address resolution. This CRP granular reporting will allow economic planners to now calibrate cyclone insurance premiums, liabilities, and claims profiles with post code resolution and in time will yield which building type is the most cyclone resilient for NA. This new CRP home insured data-set will then enable the future proofing of Australia’s cyclone building codes and mitigation spending activities to achieve improved cyclone building resilience and natural disasters recovery in NA and NQ.

<b>Table-14.C: Northern Australia Strata Cyclone Claims History</b>			
	<b>1995-2015</b>	<b>2008-2018</b>	<b>1995-2018</b>
	million	million	million
Ref-1 A14.6 ACCC Fig-5.14 & 5.15 and 16.18			
Ref-2= NAIPT 2015 Inquiry Finity Table-3.3			
<b>all Northern Australia Strata Claims</b>	\$ 113	\$ 18	\$ 131
<b>Australia Home Contents &amp; Strata Claims</b>	\$ 2,442	\$ 1,700	\$ 4,142
<b>NA/Australia</b>	5%	1%	3%
<b>\$131 million damages spend in 25 years = \$5.2 million pa</b>			

<sup>1</sup> ACCC-NAII – Northern Australia Insurance Inquiry 2020 – Recommendation-18.6:- Insurers to disclose premium impacts of optional inclusions and exclusions. Still no traction on this insurance products lack of visibility recommendation from Treasury Canberra.



Townsville Lot Owners Group (TLOG)

Table-14.C Federal Treasury has inquiry reports that indicate since 1995 the \$1.0 trillion national strata industry has created a \$1.0 billion unregulated strata insured economy in Australia. The NA strata insured have made a mere \$131 million (3%) damage bill claim of the national all homes insured cyclone claims of \$4.142 billion. Federal Treasury report the 225 named cyclones between 1995-2018 have inflicted on average a meagre \$5 million per year cyclone damage to the 9,013 strata buildings in NA<sup>23</sup>. Future APRA cyclone specific building insurance reporting will, if in place, continue to confirm these historic strata damage metrics and to substantiate the CRP project success outcomes.

**We asked that**, all CRP Insurance products should be sold as a Sum Insured Value (SIV) product and not as a Full Replacement Value (FRV) product. We believe there has been no reported strata building ever making a FRV claim for cyclone damage in Queensland since 1997. Fire can destroy a building; cyclones only damage a building. The FRV is an obsolete and over insured economic waste of money as FRV cyclone claim events have not occurred in Queensland strata.

By permitting strata bodies corporate the AGM discretion on what value their buildings cyclone SIV should be set at would further improve the CRP affordability. Savings made on CRP premiums can be wisely AGM invested in strata mitigation spending plans<sup>4</sup>.

Strata building common property insurance is BCCM<sup>5</sup> mandatory. For a single house, home insurance is "opt out able" as is optional. Any decrease in cyclone home insurance policies can only be caused by the optional insured leaving the market. The strata insured therefore carry the home insurance base load in Queensland because the state BCCM insurance regulations do not allow opting out and guarantees the Federal GST and State Stamp Duty revenues. The strata insured are unfairly exploited by insurers as the "cash cow ATM" insurance subsidiser of home insurance in NQ.

**We asked that** – insurance sales commissions to be abolished. The ACCC-NAII-2020 insurance inquiry proclaimed 20% as the average Australian home insurance sales commission. The three BCCM mandatory strata insurances should not incur any sales commissions because strata insurance being compulsory and prescribed requires no sales effort. Our national superannuation industry is mandatory and requires no sales commissions to function. Strata sales commissions are an economic waste of funds that deliver no value to the strata consumer. Annual sales commissions can be more than claims made each year and thus for no work<sup>6</sup>. "Pay as you go" for the new CRP premiums, liabilities and claims makes the APRA's cyclone industry economic behaviours reporting all the more visible.

By having APRA committed to providing public access to CRP specific home insurance granular statistics reporting should ensure good community visibility on the performance of this new CRP project. We pray that our Federal Treasury have finally come up with a quality solution to the decade long NA & NQ home insurance crisis.

<sup>2</sup> ACCC-NAII-2020 report Qld has 6,610 strata buildings. 67% of the Northern Australia total of 9,013 strata buildings

<sup>3</sup> ACCC report the Northern Australia strata insurers collected \$61 million in premiums sales in 2019.

<sup>4</sup> We believe all strata mitigation spending plans are to be "blessed" by insurers prior to installations. All mitigation spends are conditional to the Insurers terms and conditions in order to obtain premium CRP discounts. Without an insurer's confirmed blessing, the mitigation spending would be wasteful exercise for all.

<sup>5</sup> BCCM = Queensland Body Corporate Community Management Act-1997 – Community Titles Scheme. (Strata's)

<sup>6</sup> 2017 Banking Royal Commission observation on insurance sales commissions.




### Observation-44 The Rockhampton Line defines insured Northern Australia.


The Rockhampton line is a discriminatory and economical damaging strata insurance community dividing line. A farcical line that allows insurers without any pricing controls to unreservedly game and plunder the 6,700 strata communities above this line. The Qld Government prescribed compulsory strata insurance now have unfettered premiums supply running at around ten times and more the strata home insurance premiums offered to the 44,000 "materially" similar Queensland strata buildings below the Rockhampton line.

Many Insurance companies will not quote insurance above this Rockhampton line. The remaining insurers' have selectively isolated and now freely discriminate Northern Australians (NA) with much higher home insurance all based on false risk rhetoric that NA has more natural disaster events than the rest of Australia. Sadly, this line and lie is tolerated by both Federal and State Governments as they unconscionably benefit from the much higher GST and Stamp Duty funds collected from those who buy outrageous NA home insurance.

**Northern Australia**  
Australia



The unofficial geographic term Northern Australia includes those parts of Queensland and Western Australia north of latitude 26° and all of the Northern Territory. Those local government areas of Western Australia and Queensland that lie partially in the north are included.

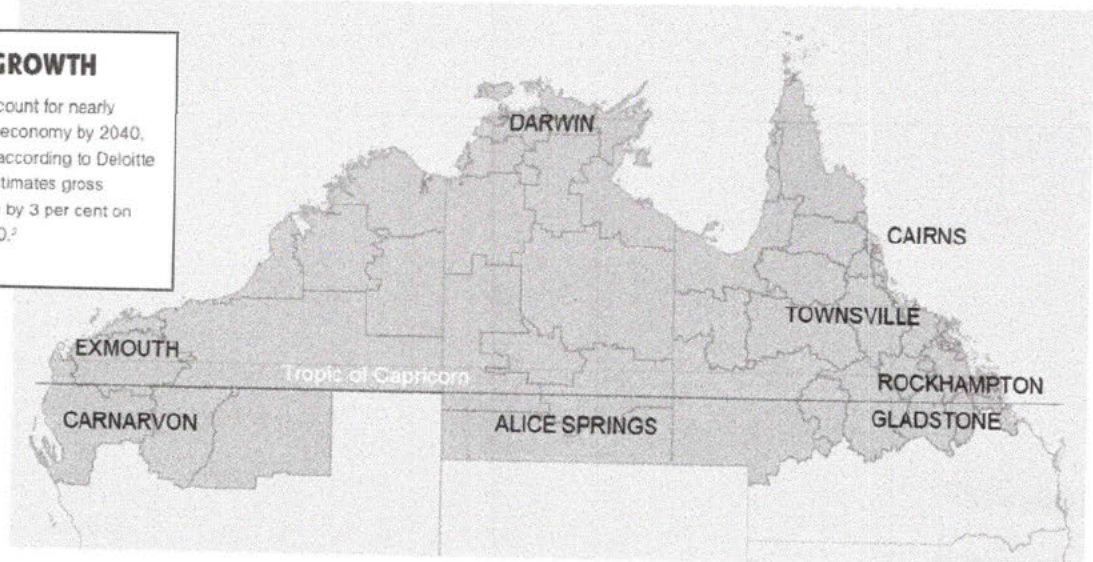
 Wikipedia

The Federal Governments' 2015 NA White Paper and 2016 NA Infrastructure Facility (NAIF) lay out the plans to deliver economic growth and job opportunities for both Queensland and Australia through infrastructure investment. The Queensland Government is on record as promoting investment in North Queensland and continues to allocate significant funding to support the development of new infrastructure.

NAIF and the Qld Government will never fully achieve these outcomes until this Rockhampton "insurance" discrimination line is banished. The NA strata insured must be allowed access to the same ACCC<sup>1</sup> strata home insurance 0.1% affordability formula as supplied to the 330,00 Australian strata buildings below the Rockhampton line. The NAIF and Qld economic future designers did not contemplate the economic damage, impact and stifled migration now caused by this NA home insurance affordability crisis.

**ABOVE AVERAGE GROWTH**

Northern jurisdictions will account for nearly 42 per cent of the Australian economy by 2040, up from 35 per cent in 2011, according to Deloitte Access Economics. It also estimates gross regional product will increase by 3 per cent on average every year from 2020.<sup>2</sup>



Northern Australia as defined in the NAIF Act 2016

<sup>1</sup> ACCC-Northern Australia Insurance Inquiry 2020 determined that the 330,000 strata buildings below the Rockhampton line for the last decade paid an average premium priced at 1000<sup>th</sup> (0.1%) of the full sum insured value of the building.



## Observation-56: The Australian Cyclone Reinsurance Pool Promises

The Federal Treasury is launching the \$10 Billion ARPC-Cyclone Reinsurance Pool (CRP) fix for the Northern Australian (NA) home Insured on the 1st of July 2022. This CRP is the 7th fix attempt by Treasury to solve the strata and home insurance crisis that has economically damaged NA and NQ homes since 2011.

### The claim: Promises No-1 to 6

*Treasury Media Release 7<sup>th</sup> Feb 2022: Morrison Government to Deliver Reduced Premiums Through Reinsurance Pool, over 880,000 residential, strata and small business property insurance policies in northern Australia (NA) are expected to be eligible to be covered by the reinsurance pool for the risk of cyclone and related flood damage. The pool is expected to reduce insurance premiums by up to \$2.9 billion for eligible insured, strata and small business insurance policies over 10 years. Homeowners in northern Australia with the most acute cost pressures are expected to benefit from up to 46 percent premium discounts, strata properties up to a 58 percent discount and SMEs up to a 34 percent discount. Prime Minister Scott Morrison said the establishment of a reinsurance pool would deliver the Government's commitment to ensure Australians in cyclone-prone areas have access to affordable insurance.*

The Math, do the eligible CRP participants add up?

- 880,000 eligible NA home/building policies reported by Treasury to the NQ MP's of parliament.
- Less 344,000 eligible NA insured homes as reported by the ACCC<sup>1</sup>
- Less 86,000 (20%) eligible NA uninsured houses as reported by the ACCC<sup>2</sup>.
- Less 9,013 NA strata building policies reported by the ACCC<sup>3</sup>.
- = 526,987 NA SME<sup>4</sup> insurance policies, that are now eligible to a 34% insurance savings,

Are there this many people in NA!

Additional info we read in the federal media releases.

- The \$2.9 billion savings for the 880,000 policies over ten years equates to an average savings of \$329 per policy per year.
- The following buildings are **excluded** from the CRP legislation.
  - All accommodation with a building insured valuation (**BIV**) of more than \$5 million.
  - Commercial short-term accommodation in tourism hot spots like Airlie Beach, Hamilton Island and Townsville.
  - Commercial buildings with 50% or less accommodation residents
  - Residential home care buildings,..... which we hope is a media typo and not for aged care.

**Promise No-7:** *To ensure the reinsurance pool is delivering for northern Australia, the Government will provide \$18.4 million over five years to the Australian Competition and Consumer Commission (ACCC) to monitor the premiums of insurance policies covered by the pool from 2022. The ACCC will collect data to evaluate the impact of the reinsurance pool and assess whether the savings from the reinsurance pool are being passed through to policyholders.*

<sup>1</sup> Australian Consumer Competition Commission – ACCC – Northern Australian Insurance Inquiry Dec-2020 final report

<sup>2</sup> Australian Consumer Competition Commission – ACCC – Northern Australian Insurance Inquiry Dec-2020 final report

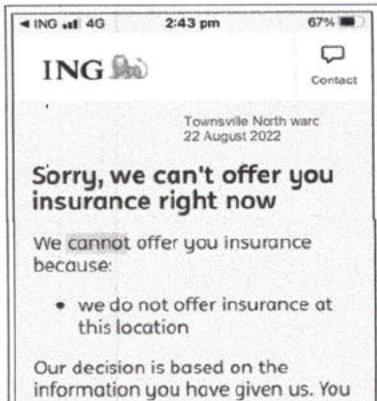
<sup>3</sup> ACCC report 9,013 NA strata buildings. Which contain some 90,000 apartment units which house some 135,000 residents.

<sup>4</sup> SME – small medium enterprise = small business buildings – standalone or strata workshops not sure .



# Observation-101: NQ Home Insurance Trauma Evidence.

By the Home Insurance cabal who make North Queensland unaffordable and profit from the process.  
Are our regulators proactively listening on the insurance abuse games the NQ home insured must endure.  
Why is there an insurance reluctance in complaining to our regulators not investigated? Scared?

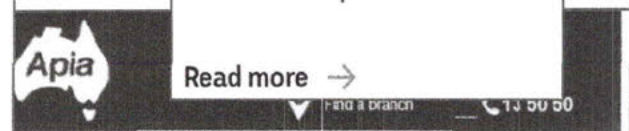


One homeowner in Douglas near Ross River has been asked to pay a 53.6 per cent or \$3093 increase in their annual premium by Suncorp, while another homeowner in Kirwan has been told by Youi they are unable to offer a

According to a report by Canstar on October 28, the average cost for home and contents insurance for North Queenslanders (above Rockhampton) was \$5058 per year, a 10.9 per cent increase on 2021's figures.

Strata Insurance Issues in Far North QLD (FNQ). Solutions in Engineering Look Up Strata Nov 2022  
Insurance is so high, body corporate committee's are not doing sinking fund forecasts and if they are doing them, they are ignoring the recommendations in the sinking fund report. A vast majority of levies is going to insurance. In FNQ, insurance for a block of 21 units is around \$110K so, to keep strata fees down, garden maintenance is cut, building maintenance is cut etc.

One million households in Australia already face "extreme" levels of insurance stress. How does your household compare?



### Your Apia Home & Contents Insurance quote

Thank you for giving Apia the opportunity to provide a quote for your Home & Contents insurance. To review your quote or to purchase your policy, please click the "Retrieve quote" link below.

Annual online premium **\$25,008.22** (inc. GST and gov't charges)  
APIA Suncorp  
Quote no. QTE2

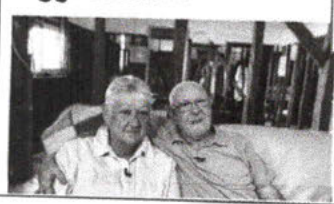
Pay monthly at no extra cost

Includes up to 10% online discount.\*

Type of cover	Building & Contents
Insured address	South Townsville QLD 4810
Home sum insured	\$509,000
Contents sum insured	\$25,000
Optional Covers	None
Your excesses	Home excess: \$750 Contents excess: \$750

Yasi in 2011 and claims were paid for damage to a value of about \$25,000.  
Ms Hynard said annual premiums for the 92-unit and commercial complex had jumped from \$92,443 in 2009-10 to \$320,173 in 2012-13.  
Insurers were based in Sydney and Brisbane and did no risk assessment and appeared to base their assessments on post codes. "When are they going to do a risk assessment?" Ms Hynard said.

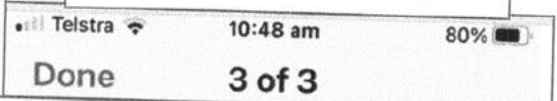
Insurance costs are set to soar for thousands. These areas face the biggest hikes



## MEDIA RELEASE

### Buyer Beware: high insurance costs devaluing NQ apartments.

Malcolm  
1d  
Ah, the annual joust with the insurance company about the premium for next year, how I look forward to it. A phone call to enquire as to the basis of a 20% increase in our home insurance turned into a 45 minute verbal chess game resulting in a premium several hundred dollars lower than the quote. Amazing....



Done 3 of 3

### Townsville Questions & Answers

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Hey all, looking to buy a house in Townsville and wanting thoughts on home and content insurance. I have googled a few and they want \$9000 + per year. This is just crap

66 comments

## Unaffordable insurance hikes hitting

TSV Bulletin 2022.10.22 Comments page  
**Shirley Smith:** Yes, I was gobsmacked when my House Insurence this year increased by \$900 to over \$5,000. Got other Quotes, not much difference, so I threw my hands up in the air when I phoned my current Insurer asking for a Discount because I have been a loyal Customer for over 50 years, was told they don't do that anymore. Talk about being between a rock and a hard place

uma stories.