

Supplementary submission 38 A

RE: the House of Representatives Standing Committee on Social Policy and Legal Affairs hearing regarding Strata Insurance increases, held in Cairns on 30th January 2012

Additional submission from Stephanie [REDACTED] 03 Feb 2012

Regulation should be introduced so that insurance costs cannot increase beyond a certain percentage e.g. a landlord cannot increase rent beyond 20% - same should be applied to insurance increases.

The Insurance companies are saying that re-insurance has increased approx 50% - so why has the cost of strata insurance increased by many times that figure ?

Have Strata Insurance costs increased (with the same percentage increases being experienced here) all over Australia ? Or is it just Far North Qld ?

The insurance companies kept harping on about “historical underpricing” and “unprecedented weather events” I question why they pay actuaries large sums of money to provide them with really bad business models if this is the case. Since when has FNQ not suffered from the risk of severe weather events ? Did the insurance companies wake up one day and realise what everyone living up here knows – that cyclones do happen - and have done for millennia (not just the last few years).

If FNQ insurance is only 3% of their business – how come the price went up so suddenly and by such large increases. No business would target 3% of their customers for such ridiculous price hikes – unless they wanted to gouge them.

If FNQ re-presents such a small number “globally” – isn’t the price hike out of proportion “globally” ? Or is it that other people “globally” can no longer afford to buy insurance because the insurance companies have gouged them as well ... so now FNQ have to pick up the shortfall ?

If the insurance business is so complicated – how come the insurance companies haven’t been able to provide “granular” insurance costs ? They talk about “granularity” a lot but cannot apply it when it comes to strata insurance.

Where is the comparison data with other states with regards risk (weather events etc) and strata insurance costs ? Compare apples with apples please !

[REDACTED] complained about collecting \$100 in value and paying out \$115 Silly [REDACTED] – bad business model – sack the actuaries, and increase the insurance costs appropriately, not out of all proportion. Many people would have been happy to pay a 100% increase on their premiums.

Stop using non-strata information to compare costs e.g. the cost to insure a residential free-standing house compared to a strata unit. They are NOT the same !! Again .. compare apples with apples please !

The excessive excess charges need to be dealt with as well. It is not fair to be paying thousands in insurance and not be able to claim the small stuff as well. That’s what insurance is supposed to be for !!

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Most insurance companies will not insure strata building worth over \$5 million. Exactly how many strata units are over \$5 million ? How many under ? What does that show ?

The insurance companies continually tell us how complex strata insurance is. There is little to no protection for people who are paying for this insurance. Many people are not educated about the insurance industry and are therefore extremely vulnerable to accepting what they can get. The insurance industry has it neatly sorted so that committees are only given a few weeks to ensure that insurance (renewal) is in place – and very little recourse for change if they find a lower price afterwards.

The organisation of the hearing :

- The hearing times should have been set for when working people could attend i.e. outside business hours. I think the numbers were way down due to the fact that many working people could not attend.
- The hearing should have been held in a much larger venue.