

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: Insurance Enquiry
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To whom it may Concern:

The Body Corporate Industry and its clients all over Far North Queensland (FNQ) are bearing the costs of the Insurance Industry's tough stance with massive policy increases in Far North Queensland.

Insurance policy increases have more than doubled & even tripled in many cases, putting owners under extreme pressure while they are still hurting from local and the world economic downturn.

Our clients budgets are based on a reasonable projected annual insurance increase, however there is no way bodies corporate or their managers could have possibly foreseen or planned for the high costs of premiums in 2011 – 2012. Many of our clients have had no option but to enter into premium funding arrangements for their policies, and then make periodic payments for many months afterwards. (Premium funding interest applies of course)

For the insurance industry to focus their massive policy increases on FNQ (based on their view of cyclone history instead of taking a national picture) is considered grossly unfair given the number of major Australian events over the past few years e.g. fires, floods, storm damage and other significant events.

Of course the Brisbane flooding was a disaster and no doubt ALL Queenslanders are sharing in that cost not just South East Queensland (SEQ). This is a disaster may have been avoided, however caused a massive number of unnecessary deaths in Queensland. There was also considerable property and infrastructure damage which, in most cases, would have been covered by insurance.

At the recent Griffith University Body Corporate Conference the insurance underwriters presented their financial standpoint in relation to FNQ Policy renewal, based on the number of major events impacting this region.

Their demonstration slide showed a massive number of weather events however included many that did not even reach the country or cause any significant damage. (That report included named cyclones that fizzled out). However, the reality of recent FNQ events shows Cyclone Larry 2004 – which impacted Innisfail, Tully & Mission Beach regions, and Cyclone Yasi in 2011 hitting the same regions although with much more intensity and resultant damage. (Cyclone Tracey was a NT / Darwin event).

In summary, underwriters and their investors appear to be losing their appetite for FNQ risk. There seems to be little question in our minds that Japan's Tsunami and other international events would have impacted their financial position, however they choose to focus on FNQ and not all of Australia. Why?

What justification does the industry have NOT to make an Australian assessment that includes the major fires in Victoria & NSW & W.A, the Brisbane Floods and other major disasters across the country? It is just not reasonable business practice that ONE region of Queensland (FNQ) which has already been hurt enough, should suffer at the hands of the underwriters / investors.

It appears that the insurance industry is relying on the people of FNQ to stand by and let them run their businesses without moral obligation to deliver their services at a reasonable cost, across the country, where they have made significant profits in the past.

There needs to be an enquiry into the policies and decision making of the insurance and the underwriter industry practices.

The Australian Government must investigate the insurance industry decision making under these circumstances.

Pamela Maple,

Principal, [REDACTED].