

House of Representatives Inquiry into Strata Title Insurance

Cairns, Monday 30 January 2012

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Preamble to the Submission

After Tropical Cyclone Tracy devastated Darwin on Christmas Day 1974 the various authorities began to work on establishing building codes to help prevent such building loss in the event of future cyclones. These building codes were brought in to effect across the years 1975 to 1982.

Accordingly, since the 1980s, all buildings (including residential strata units) that are in cyclone-prone areas are built to comply with the codes.

James Cook University established the Cyclone Testing Station (CTS) in 1977. Tropical Cyclone Larry (Category 4) crossed the Queensland coast near Innisfail on 20 March 2006. Tropical Cyclone Yasi (Category 5) made landfall with the eye passing over Mission Beach, Queensland, on 3 February 2011. In March 2011 the CTS produced Technical Report 57 entitled *Tropical Cyclone Yasi Structural Damage to Buildings*. The 135 page report details the efficacy of the cyclone building codes.

Submission Addressing Inquiry Terms of Reference (b) and (c)

I recommend that the Inquiry Committee require answers from the Insurance Companies to the following questions with a view to establishing how premiums are determined for each residential strata property.

1 How many Insurance Companies are involved in the market for residential strata property in the cyclone areas of Queensland?

2 Can each of the Insurance Companies involved provide to the Inquiry the following figures?

The total amount paid out in claims for Cyclone Larry and the sub-totals of this amount that apply to residential strata units in general and to residential strata units built to the cyclone codes in particular.

The total amount paid out in claims for Cyclone Yasi and the sub-totals of this amount that apply to residential strata units in general and to residential strata units built to the cyclone codes in particular.

3 Can each of the Insurance Companies involved explain what allowance is made in their premiums for the Post-80s buildings built to the cyclone codes, in particular itemising the premiums for houses and residential strata units?