



New Inquiry into Residential Strata Title Insurance

The House of Representatives Standing Committee on Social Policy and Legal Affairs received a referral from the Assistant Treasurer and Minister for Financial Services and Superannuation, the Hon Bill Shorten MP, to inquire into residential strata title insurance.

In June 2011, Minister Shorten requested that the Committee inquire into the responsiveness of the insurance industry to natural disasters. Today's referral represents an expansion of that inquiry.

The terms of reference to address the affordability of residential strata title insurance, particularly in Northern Australia, and factors influencing this. The Committee will investigate:

- **Strata insurance pricing** – the magnitude of increases in the cost of strata insurance over the last 5 years, the reasons for these increases and whether these increases are likely to be sustained, as well as the ability of insurers to price risk and availability of accurate data.
- **Competition and consumer issues** – whether there is a market failure in the insurance market for residential strata properties, perhaps due to a lack of competition between insurers, and whether consumer awareness of insurance should be enhanced.
- **Body corporate management** – the extent to which the nature of body corporate arrangements are contributing to affordability difficulties.

The Committee will assess whether it is justifiable for the government to intervene in the residential strata title market, taking into account the existing responsibilities of Commonwealth, State and local governments.

Committee Chair Graham Perrett MP said that “During the Committee’s investigation of the insurance industry, we received evidence raising concerns about the affordability of residential strata title insurance. This is a great opportunity to examine this topic.”

The Committee is calling for submissions addressing the terms of reference and will hold public hearings in early 2012.

For the full terms of reference, please visit the Committee’s website at <http://www.aph.gov.au/house/committee/spla/strata/index.htm> or contact the Secretariat on spla.reps@aph.gov.au or 02 6277 2358. Information about making submissions can be found at <http://www.aph.gov.au/house/committee/documnts/howsub.htm>. The deadline for submissions is **Monday, 16 January 2012**.

Note: The Committee cannot investigate or make rulings on particular insurance claims.

For media comment , please contact the Committee Chair, Mr Graham Perrett MP, on (07) 3344 2622 or 0408 883 312.	
For background information , please contact the Secretariat of the Committee on Social Policy and Legal Affairs :	
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