

[REDACTED]

[REDACTED] Mackay. Queensland, 4740.

**Submission to The House of Representatives Standing
Committee on Social Policy and Legal Affairs**

With reference to

North Queensland Insurance Inquiry

To Whom it May Concern

I write today on behalf of the Body Corporate of which I am the President, to contribute to your inquiry on the pricing and delivery of household insurance services to Body Corporates in North Queensland.

Our Body Corporate is a small block of four (4) units close to the Mackay CBD in Central Queensland. Two (2) units are owner occupied and two (2) are investment properties, one managed by the Public Trustee of Queensland. As of mid 2007, our street was the boundary of storm inundation maps, however in February 2008 a freak weather event saw us (and areas outside of the storm flooding maps) flooded.

This event saw over 600 mL of rain fall overnight, which coincided with a King Tide, which backed up the drains and left the rain no drainage option. Our four (4) units had approximately 45 cm of water through them, with approximately 1 metre in the outside the buildings. Our insurer at the time (Suncorp) was excellent; they fully covered our repair bill for all four (4) units, including removing Gyprock from the walls and replacing all fittings; kitchen cupboards, bathroom vanities and cupboards. They also covered the cost of the tenants living elsewhere for the duration of the repair work.

In 2009 we were informed by Suncorp that they would be discontinuing their coverage of Body Corporates and Strata Titles in North Queensland and directed our case (presumably along with their other clients in NQ) to an Insurance Brokerage firm to obtain for us new insurance. As the time when our [REDACTED] coverage would cease came closer, this broker told us they were not working on our case yet as they had others due earlier. Approximately a week prior to our coverage ceasing (in late December 2009) we were eventually contacted to inform us that they had been unable to secure us any offers of insurance due to the fact that we were in North Queensland, and also due to our claims

history. This led to a mad rush in the lead up to Christmas whereby we had to secure several brokers of our own to locate us an insurer – fortunately we were successful and insurance was finalised prior to our [REDACTED] cover expiring. This did come at a larger cost than our previous insurance, however, and Body Corporate fees had to rise to cover this increased amount.

This cover lasted for a year, during which no claims were made. Approximately five (5) days before the cover was due to be renewed, we received word from our insurance broker that this new company was also moving out of North Queensland and would be discontinuing our cover. Once again, in the days before Christmas, we were trying to secure an insurer. Our broker managed to find one company who was willing to insure us, at an additional \$1000 cost per year than the one prior, and although this posed financial difficulties for two (2) of our owners, we had no choice but to increase the Body Corporate fees again.

Within the last week, I have received the certificate of coverage for this new insurance and noticed, much to my distress, that a box remained unticked, which indicated that we did not have cover for 'Flooding events'. Upon closer inspection of the insurance documents, flooding is not included unless we specifically request it. There is no explanation regarding how flooding is defined, and without noticing that one little box, we would still be unaware that we are not covered. I am in the process of gaining information from our broker regarding the nature of 'flooding', compared to 'flash flooding' (which we are covered for automatically), and have ended up confused and concerned. Should the definition be such that we require the additional flood coverage, we will have to raise our Body Corporate rates again to cover this new cost. This presumes that we are allowed to modify our cover part way through the term of coverage – something I do not assume is guaranteed. This confusion and, I believe, trickery (trying to confuse people into paying more for flood coverage or being caught without it due to misunderstanding of the terms "Flooding Event" and "Flash Flood") has been a stressful and concerning occurrence, particularly as we do not know our level of coverage and it is the storm season.

Overall the insurance situation has caused a great deal of stress and concern ever since Suncorp moved on. The chasing to find new coverage is stressful, particularly when we are dismissed out of hand by companies who outright refuse to cover North Queensland – even though Mackay has not had a cyclone cross the coast in at least the 15 years I have lived here. The continual increase in premiums (despite not having claimed in the last two years) is putting financial pressure on our unit owners who have to continually pay these through their body corporate fees.

We would appreciate any assistance your Committee may see your way clear as to making the insurance contract more clear (particularly in relation to definitions – eg, flood, flash flood), and in encouraging insurers to continue to offer coverage to North Queenslanders. Given recent occurrences all around the country I can't believe that North Queensland is any greater risk to insurers than other parts of the country.

Sincerely

Rachel Watson

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