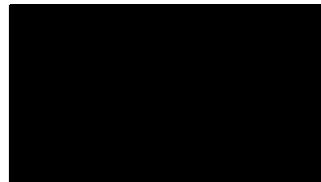


Supplementary submission 112a



Date: 6th February 2012

To: Standing Committee On Social Policy And Legal Affairs
Cc: The Hon Warren Entsch MP

Re: Insurance Inquiry

I believe Dr. Stone was looking for some correspondence from the FSO, ACCC, ASIC etc.

I have sent a portion of that received by us here in the Whitsundays – the pdf file was too big to email.

Best Regards



Margaret Shaw



Supplementary submission 112a

Sent: Saturday, July 09, 2011 6:50 PM

Subject: LESTER RILEY Letter No 222 - North Queensland Insurance Premiums

To: Anna Bligh

Subject: North Queensland Insurance Premiums

Dear Sir/Madam

The Resort Complex in which I live [REDACTED] has just received a 300% increase in premium for the coming year 2011/2012 (from just over \$40,000 to around \$120,000 for the whole Resort). In the 5 plus years since the Units were first built we have not had one single claim and we have been through several cyclones (one a direct eye overhead) in the last year alone as well as local flooding during which we were not affected at all. The Insurance Company is [REDACTED].

I am on the Resort's Body Corporate and we have tried through various sources to obtain competitive quotes but have been refused point blank by up to seven major Insurance Companies. Some of these have been:-

[REDACTED]
[REDACTED]
[REDACTED] etc

The story is the same in a host of other Unit Complexes – some Insurance Companies have referred to an Embargo on North Queensland Properties without due regard for “each one on its merits”.

There is going to be a profound effect on all branches of domestic, industrial and holiday industries due to the severe blow to costs of accommodation both domestic and holiday together with property sales and also resulting in major hardships in many many areas.

Clearly, there is a “ganging up “ mentality in the insurance world which has been put in place and is similar to price fixing. We are at the mercy of one company only, who obviously can not only charge what they like but are DOING SO. In any other business price fixing would be illegal. We all know that the insurance companies have taken a blow from recent events but they have been collecting insurance monies from all of us for years.

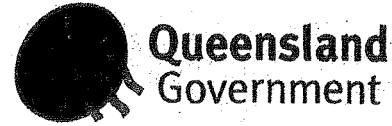
This situation needs to be examined, cleaned up and appropriate measures put in place to halt the RORTS being placed on everyone when times are tough enough anyway.

I am therefore appealing to anyone who can throw some light on this situation, Government, Media, Financial Institutions, Lawyers so that we can have some common sense injected into this issue and pay our appropriate premiums accordingly.

Yours Sincerely

Lester Riley

Supplementary submission 112a



Office of the Minister for Finance,
Natural Resources and The Arts

FIN-00517

- 9 SEP 2011

Mr Lester Riley
[REDACTED]

Dear Mr Riley

I refer to your email of 9 July 2011 to the Honourable Anna Bligh MP, Premier, regarding the increase in body corporate insurance for your property in Airlie Beach. As these matters fall within the portfolio responsibilities of the Honourable Rachel Nolan MP, Minister for Finance, Natural Resources and The Arts, your correspondence has been forwarded to this office for consideration, and I have been asked to respond on her behalf.

The Queensland Government shares your concern regarding escalating insurance premiums for strata units and acknowledges that spiralling insurance costs, combined with increases in the cost of living, are placing a strain on already tight household budgets. It is especially difficult for those in the community who were affected by the devastating cyclones and floods earlier in the year.

I note your comments regarding the need for government intervention to ensure the availability and affordability of insurance coverage for this type of insurance class. While Queensland legislation requires bodies corporate to have an appropriate insurance policy in place, it is the Australian Government, through the Australian Prudential Regulation Authority, which has responsibility for regulating the general insurance industry.

You may be interested to know that a number of national insurance inquiries are under way to examine a range of insurance issues including gaps in policy coverage, affordability of insurance premiums, flood cover and the role of government and the private insurance industry in funding disaster recovery. Although the deadline for making written submissions to these inquiries has now closed, I understand that a number of submissions were made to these inquiries highlighting the insurance difficulties facing bodies corporate and the implications for unit owners, businesses and the community as a whole.

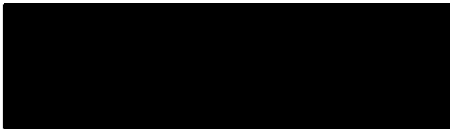
Level 5 Executive Building
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Facsimile +61 7 3836 0553
Email finance@ministerial.qld.gov.au
naturalresources@ministerial.qld.gov.au
arts@ministerial.qld.gov.au

Supplementary submission 112a

The Queensland Government supports these national inquiries as important processes to ensure the insurance market provides reliable and affordable insurance services to the community and will carefully consider the outcomes of these inquiries. The review process is expected to be completed by the end of September 2011. In the meantime, may I suggest you raise your concerns directly with the Insurance Council of Australia by contacting them on 1300 728 228 or by writing to PO Box R1832, Royal Exchange, Sydney, NSW, 1225 or emailing comms@insurancecouncil.com.au.

Thank you for taking the time to bring this issue to the Government's attention.

Yours sincerely



Principal Advisor

Supplementary submission 112a

I started working on our insurance problem on 8th July 2011

This is some of the feedback and emails sent :

----- Original Message -----

From: Margaret Shaw

To: Whitsunday Electorate Office ; thepremier@premiers.qld.gov.au ; mayor@whitsundayrc.qld.gov.au

Cc: george.christensen.mp@aph.gov.au ; tony.abbott.mp@aph.gov.au ; info@abcm.com.au

also sent to: Julia Gillard and Colin Abiner

Sent: Saturday, August 20, 2011 4:09 PM

Subject: Insurance in the Whitsundays

The saga of insurance for Tourist Resorts in the Whitsundays.....

My name is Margaret Shaw and I'm now Treasurer of the Body Corporate of [REDACTED] in Airlie Beach.

We consist of 25 apartments spread over 7 separate buildings with 5 owner occupiers (including me), 7 permanent rentals, 1 holiday home and the rest are in the holiday let pool. We have on-site Managers, we're not in a flood zone, and have minimal claims (<\$3000) after 3 cyclones this financial year. However, our insurance has gone from \$25,000 to almost \$81,000.

I have tried almost everything.

- I went to Jan Jarret's office she sent me to Financial Ombudsman Service where I spoke to Michael, he directed me to fos.com.au to find alternative brokers – not actually useful as finding a broker is not difficult
- I went to Anna Bligh's office, they sent me to ASIC (God knows why), ASIC sent me to the National Insurance Brokers Association, who could not 'recommend' a broker but directed me to a number of options

I have tried:



I went direct to SRS, but they only deal through brokers so I asked our broker to talk to them, SRS were prepared to take on the latter half of our insurance under a IRS policy, still leaving us with no main insurer.

According to everyone, we're located in the wrong place!!

I ended up calling London and spoke to Lloyds of London. They directed me to their top 3 Underwriters: [REDACTED] [REDACTED] I called their offices in London and got contact details for their representatives in Australia, and I went to see AON in Mackay.

[REDACTED] Mackay threw their hands in the air and said it was all too difficult – so you can forget them

2. [REDACTED] Ayr sent me an email Friday saying they think they can reduce our premium by up to 20% - I haven't gone into the details yet

3. [REDACTED] contacted me and I have been passed to Special Projects - [REDACTED], who is due to call me again to confirm whether he can help or not - he thinks he can but who knows

4. [REDACTED] [REDACTED] - she has already sent me 2 forms to fill in and is thinking outside the square. I took the forms to our Body Corporate Managers [REDACTED] on Thursday but they say our insurance is not their responsibility – unless we want to spend \$150 + GST per hour for them to fill the forms out, we may have no other option

Supplementary submission 112a

After 10 days of trying the broker had to give in, as we're not residential.

I don't believe the Government is fully aware of the situation here because if it is we're being shamefully ignored. These units, like others, are privately owned. People cannot afford the hike in insurance and they cannot sell their investment units/homes. There is already bankruptcy in this area and we have 35 empty shops in the main street (and we only have one street), tourists are not only down they are non-existent, the money isn't coming in to pay the huge increases in insurance premiums being asked.

What will it take to get some understanding and more importantly – some action? A suicide or two on the front page of the National Newspapers may help I suppose, but it is a bit drastic.

We are in serious trouble.

1. The state Government is now reaping the benefit of the huge increases in the stamp duty provided by the hike in insurance premiums, and the Government is benefiting from the increase in the GST being provided by the insurance premiums. Is it possible for the State Government to not collect the stamp duty on Tourist Resorts in this area, even if only for a year or so until they get back on their feet? The reduction to Seastar alone would be in the vicinity of nearly \$6,000 including GST – not a lot but every little helps, believe me
2. I also am given to understand that Body Corporate legislation requires each Strata Body Corporate to provide at least two quotes for insurance to their owners. We are unable to do this, and it's not from not trying. So this means we are technically in breach of legislation because of the insurance companies, so either the Government has to help and find us a way of staying within the legislation, or change the legislation, or we sue ourselves for being in breach
3. There are also suggestions of resorts getting re-valued to reduce their valuations and, therefore their insurance premiums. This helps no-one

Does anyone out there care? Can anyone do anything and find us all here a way of getting sensible insurance premiums back? Is there any way of controlling the Insurance companies?

This situation is now close to extortion.

Insurance companies should be held to account and penalised for increases in premiums over 100% without any justification, and for us there is no justification. We have been paying our premiums for years without any major claims.

I would be happy to pay the new insurance premium if we can get back our premiums already paid for the last five years.

Supplementary submission 112a

----- Original Message -----

From: Whitsunday Electorate Office

To: Margaret Shaw

Sent: Tuesday, August 23, 2011 10:22 AM

Subject: RE: Insurance in the Whitsundays

Hi Margaret

I have since received advice which may be of some assistance to you.

The Queensland Government is keenly aware of issues relating to insurance which have been starkly highlighted by the recent natural disasters affecting the State. Those concerns have been formally raised with the Commonwealth Government which has responsibility for the regulation of insurance.

In part and as a result of wider community concern, the Natural Disaster Insurance Review was announced on 4 March 2011 by the Commonwealth Assistant Treasurer, the Hon Bill Shorten MP. A Review Panel established by Minister Shorten has been asked to examine the availability and affordability of insurance with particular emphasis on flood and other natural disasters.

On 2 June 2011 the Review Panel released an Issues Paper that identifies three alternative models to improve access to flood cover for home insurance. It also considers whether any new arrangements for flood insurance for homes might be extended to contents, strata title buildings and small business. The Review Panel is seeking the views of interested people and organisations on the propositions, questions and options included in the Issues Paper. A copy of the Issues Paper is available from <http://www.ndir.gov.au/content/issuespapers/NDIRIssuesPaper.pdf>.

However, submissions closed on 14th July but their email address was NDIR@treasury.gov.au.

You may wish to raise your concern regarding the increase of premium costs directly with the Honourable Wayne Swan MP, Deputy Prime Minister and Treasurer, as insurance policy falls within his portfolio responsibilities. The Treasurer's postal address is PO Box 6022, Parliament House, Canberra ACT 2600.

In addition, the Queensland Government has also established an independent Commission of Inquiry to examine the recent flood disaster in Queensland. Amongst other things, the Commission of Inquiry will examine the performance of private insurers in meeting their claims responsibilities. Submissions to this have also closed but further information on the Commission of Inquiry, can be found on their website at www.floodcommission.qld.gov.au.

Another course of action is to raise particular issues directly with the Financial Ombudsman Service on 1800 337 444 or you may wish to raise concerns with the Insurance Council on 1300 728 228 as they are the peak industry body.

Regards


Electorate Officer for
Jan Jarratt MP
Member for Whitsunday
Ph: 4945 3343

I contacted: the Natural Disaster Insurance Review; Wayne Swan; Commission Of Inquiry; Financial Ombudsman

Supplementary submission 112a

From: Mayor Michael Brunker

To: 'Margaret Shaw'

Sent: Monday, August 22, 2011 9:48 AM

Subject: RE: Insurance in the Whitsundays

I'm sorry Margret I am at a loss on how I could help I could organise CH7 or Win news to come and try and promote your situation but to me it looks like the insurance companies are dodging the whole issue.

Michael Brunker
Mayor
Whitsunday Regional Council

From: The Premier

To: 'Margaret Shaw'

Sent: Monday, August 22, 2011 9:53 AM

Subject: RE: Insurance in the Whitsundays

Thank you for your email which has been received by the Office of the Premier. Please be assured your correspondence will be actioned as is appropriate. We appreciate the time you have taken to contact the Premier.

Regards

Ministerial Officer
Office of the Premier

LETTER POL: DPMNS my 20110822 14:12

From: Abbott, Tony (MP)

To: [REDACTED]

[REDACTED]: Monday, August 22, 2011 8:10 AM

Subject: RE: Insurance in the Whitsundays

Thank you for taking the time to make contact with the Office of the Leader of the Opposition, the Hon Tony Abbott MHR.

This is an automated response so that you can be sure your email has reached our office.

We will do our best to follow-up your email in good time but please bear with us.

Mr Abbott receives a very large volume of emails per day and unlike the Government, we do not have additional resources or departmental officials to assist with correspondence. In our case, all emails are handled personally by this office.

To keep up to date with recent speeches, interviews and media releases, please visit

www.tonyabbott.com.au

You can also access Tony's facebook page from this link [Facebook](#) and his Flickr account from his link [Flickr](#) to see what he has been up to lately.

Each Friday, Tony also blogs for the Daily Telegraph (www.dailytelegraph.com.au) and you might want to get online early as soon as his blog is posted as he responds to as many as he can in the time available, starting from the first responses.

Again, we appreciate you taking the time to send us your views.

Please keep in touch.

Kind regards,

The Office of the Hon Tony Abbott MHR
Leader of the Opposition

NO FAMILY EMAIL RECEIVED

Supplementary submission 112a

----- Original Message -----

From: Registration@fos.org.au

Sent: Wednesday, August 31, 2011 9:35 AM

Subject: RE: Insurance in the Whitsundays

Dear Margaret

I refer to your email dated 24 August 2011 addressed to info@fos.org.au

The Role of the Financial Ombudsman Service

The Financial Ombudsman Service is a dispute resolution service offered as a free alternative to the courts for consumers with a claim for loss arising from the acts or omissions of a financial services provider. The Ombudsman does not provide general financial or legal advice.

Lodging a Dispute

If you have a dispute that you have been unable to resolve with a financial services provider, you can lodge a dispute through our website (www.fos.org.au/disputes). If you would like to speak to a member of our staff about lodging your dispute, please contact us on 1300 78 08 08.

Government Requirements

"Is it possible for the State Government to not collect the stamp duty on Tourist Resorts in this area, ..." Any stamp duty exemption will need to be taken up with the appropriate authority within the State Government

Body Corporate Legislation requiring multiple quotes, but not being able to comply. This will need to be taken up with the appropriate State Government authority.

If you would like to speak to a member of our staff regarding this email, please contact us on 1300 78 08 08 and request to be transferred to a Registration Officer, or myself direct phone 03) 9613 6365.

Yours sincerely,

 | Registration Officer

Financial Ombudsman Service Limited (FOS)

Toll Free: 1300 78 08 08 | F: 03 9613 6399 | www.fos.org.au

E-mail: Registration@fos.org.au

Supplementary submission 112a



Office of the Premier

For reply please quote: *MC/MY – TF/11/24771 – DOC/11/147783*

06 SEP 2011

Ms Margaret Shaw
[REDACTED]

Dear Ms Shaw

Thank you for your email of 20 August 2011 concerning insurance for tourist resorts in the Whitsundays. I have been requested to reply to you on the Premier's behalf.

The contents of your correspondence have been noted.

This matter has been referred to the Honourable Rachel Nolan MP, Minister for Finance, Natural Resources and The Arts for her consideration and reply direct to you.

Again, thank you for bringing your concerns to the Premier's attention.

Yours sincerely

[REDACTED]
Director
Executive Correspondence

Executive Building
100 George Street Brisbane
PO Box 15135 City East
Queensland 4002 Australia
Telephone +61 7 3224 4500
Facsimile +61 7 3221 3631
Email ThePremier@premiers.qld.gov.au
Website www.thepremier.qld.gov.au

Supplementary submission 112a



Office of the Minister for Finance,
Natural Resources and The Arts

FIN-00551

27 SEP 2011

Ms Margaret Shaw
[REDACTED]

Dear Ms Shaw

I refer to your email of 20 August 2011 to the Honourable Anna Bligh MP, Premier and Minister for Reconstruction regarding increases in the cost of body corporate insurance for your property in Airlie Beach. As these matters fall within the portfolio responsibilities of the Honourable Rachel Nolan MP, Minister for Finance, Natural Resources and The Arts, your correspondence has been forwarded to this office for consideration, and I have been asked to respond on her behalf.

The Queensland Government shares your concern regarding escalating insurance premiums for strata units and acknowledges that spiralling insurance costs, combined with increases in the cost of living, are placing a strain on already tight household budgets. It is especially difficult for those in the community who were affected by the devastating cyclones and floods earlier this year.

I note your comments regarding the need for government intervention to ensure the availability and affordability of insurance coverage for this type of insurance class. While Queensland legislation requires bodies corporate to have an appropriate insurance policy in place, it is the Australian Government, through the Australian Prudential Regulation Authority, which has the responsibility for regulating the general insurance industry.

In relation to your concerns regarding body corporate legislation, I have referred this matter to the office of the Honourable Paul Lucas MP, Attorney-General, Minister for Local Government and Special Minister of State for consideration, as this legislation falls within his portfolio responsibilities.

Level 5 Executive Building
100 George Street Brisbane Qld 4000
GPO Box 611 Brisbane
Queensland 4001 Australia
Telephone +61 7 3224 2880
Facsimile +61 7 3836 0553
Email finance@ministerial.qld.gov.au
naturalresources@ministerial.qld.gov.au
arts@ministerial.qld.gov.au

Supplementary submission 112a

While I note your suggestion to suspend the collection of stamp duty for tourist resorts, the Queensland Government under the Australian Constitution has limited power to raise revenue through taxes. The removal of insurance duty would result in losses of revenue that would affect the State's ability to provide essential services such as education, health, transport and fund the reconstruction effort following the recent summer of natural disasters. However, one of the Queensland Government's key objectives is to maintain a competitive taxation system. In this regard, Queensland has the lowest rate of duty on general insurance, which includes building and contents cover, of all Australian states and territories.

You may be interested to know that a number of national insurance inquiries are under way to examine a range of insurance issues, including gaps in policy coverage, affordability of insurance premiums, flood cover and the role of government and the private insurance industry in funding disaster recovery. Although the deadline for making written submissions to these inquiries has now closed, I understand that a number of submissions were made to these inquiries highlighting the insurance difficulties facing bodies corporate and the implications for unit owners, businesses and the community as a whole.

While there are no quick or easy solutions to this complex issue, the Queensland Government will carefully consider the outcomes of these inquiries and any recommendations made to improve the availability and affordability of insurance cover for all sectors of the Queensland community.

Thank you for bringing this issue to the Government's attention.

Yours sincerely


Principal Advisor

Supplementary submission 112a

Date: 28th September 2011

Dear Ms. Collins,

Re: Your reply to my correspondence forwarded to your office

The Queensland Government shares your concern regarding escalating insurance premiums for strata units and acknowledges that spiralling insurance costs, combined with increases in the cost of living, are placing a strain on already tight household budgets. It is especially difficult for those in the community who were affected by the devastating cyclones and floods earlier this year.

We are self-funded retirees and the strata insurance for our 3 bedroom unit which we live in is now costing us \$3,240 per year, this is without contents insurance, or anything else. If you include Council rates and body corporate fees as well it is costing us over \$300 per week to live in a unit that has no mortgage, and this is without contents insurance, or increases in the cost of living.

You have no idea the strain on already tight household budgets!

It is also interesting to note that houses in Brisbane which flooded, I am given to understand, have premium increases of 25-35%. Whereas large complexes in the Whitsundays that didn't (and can't) flood, had no cyclone damage, and aren't affected by bush fires had increases of 300-400%.

I also believe that if houses which were destroyed in the devastating floods had premium increases of 300% there would be a public outcry. In addition, these poor people (and I do feel sorry for them and we did contribute to the fund) are able to appeal to the disaster fund, we on the other hand cannot.

We also have a daughter living in Townsville and a son who was actually also living in Townsville during Yassi and they were able to claim the \$1000 because of power, roofs etc. We, who were in Airlie Beach, did not even lose power (Anthony yes, Yassi no), and being honest didn't (can't) claim the \$1000, so there's no help there either.

I am at a loss to explain how a complex of 10 apartments can get an insurance premium of \$17,000 and a complex of 25 apartments in the same place have an insurance premium of \$81,000. The difference: 1 is residential, < 20 apartments and valued at <\$10M; the other is a tourist resort, 25 apartments and valued at \$13M. This needs to be questioned by the State Government.

I note your comments regarding the need for government intervention to ensure the availability and affordability of insurance coverage for this type of insurance class. While Queensland legislation requires bodies corporate to have an appropriate insurance policy in place, it is the Australian Government, through the Australian Prudential Regulation Authority, which has the responsibility for regulating the general insurance industry.

I shall, obviously, be contacting the Australian Prudential Regulation Authority, but I do wish the State Government would stop washing their hands of it, and support those who are trying to do something about it all, rather than just pushing them on.

Supplementary submission 112a

While I note your suggestion to suspend the collection of stamp duty for tourist resorts, the Queensland Government under the Australian Constitution has limited power to raise revenue through taxes. The removal of insurance duty would result in losses of revenue that would affect the State's ability to provide essential services such as education, health, transport and fund the reconstruction effort following the recent summer of natural disasters. However, one of the Queensland Government's key objectives is to maintain a competitive taxation system. In this regard, Queensland has the lowest rate of duty on general insurance, which includes building and contents cover, of all Australian states and territories.

And I quote:

THE State Government is set to profit from Queensland's flood and cyclone misery, raking in more than \$500 million in stamp duty charged on skyrocketing insurance policies during the next year.

In the latest blow for the state's disaster-weary, Queenslanders will pay more to insure their homes because of rising premiums and the Government's 7.5 per cent insurance levy.

Some households have been hit by insurance hikes of up to 66 per cent in the wake of the state's horror summer. We wish!

It is estimated the Government will collect an extra \$44 million this year from the levy. The Government donated \$11 million to the \$270 million Premier's Disaster Relief Appeal.

The disasters also took a heavy toll on the Government's Budget bottom line.

But budget-conscious policyholders have criticised the cash grab by insurers and the Government.

About \$528 million in insurance duty - largely from house and contents policies - will be collected by the Government in 2011-12, an increase of 9 per cent on the previous year.

The Insurance Council of Australia yesterday took a swipe at the Government for collecting stamp duty on policies but Treasurer Andrew Fraser hit back, saying it was insurers putting the pressure on households.

An ICA spokesman said as premiums increased, stamp duty and GST revenue would also increase.

The removal, or temporary withdrawal, of stamp duty for Tourist Resorts for even a period of 2 years whilst they get back on their feet, would not make an enormous difference to the 9% increase in stamp duty funds going to the State Government.

"Receipts from stamp duty on insurance premiums are not earmarked for any particular purpose and are allocated to consolidated revenue," he said.

Supplementary submission 112a

And since you mentioned health... I was nearly 30 years in the IT industry (overseas and here) and in that time I never once brought a project in over time or over budget as a Project Manager. Any (and I mean ANY) company who puts a system into production without running in parallel for 2 months, and for a payroll system it should have been run in parallel for 3 months encompassing an end of month and preferably an end of financial year, deserves to be sued for incompetence. All output should have been checked between systems, errors picked up and corrected, and the systems re-run before a migration to production. Whoever was responsible for user acceptance testing should be fired. It is unacceptable, and not recommended practice. I have spoken with friends and colleagues still in the IT industry and not one of us can understand how the State Government let something like that go so very wrong. If you need a referral for a good Project Manager please contact me, I can also refer you to a few exceptional Business Analysts as well. So please stop wasting my money.

As for Qld having the lowest rate of duty on general insurance, it also has the highest insurance premiums of any State or Territory.

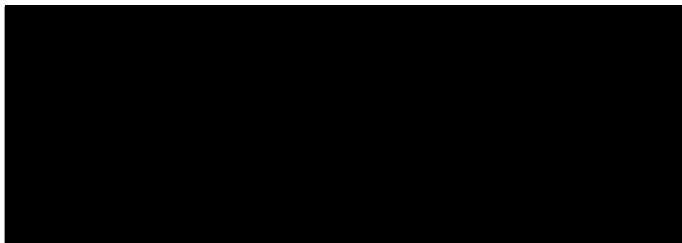
You may be interested to know that a number of national insurance inquiries are under way to examine a range of insurance issues, including gaps in policy coverage, affordability of insurance premiums, flood cover and the role of government and the private insurance industry in funding disaster recovery. Although the deadline for making written submissions to these inquiries has now closed, I understand that a number of submissions were made to these inquiries highlighting the insurance difficulties facing bodies corporate and the implications for unit owners, businesses and the community as a whole.

Already submitted, I hope you did too on behalf of the Qld people since you represent us.

While there are no quick or easy solutions to this complex issue, the Queensland Government will carefully consider the outcomes of these inquiries and any recommendations made to improve the availability and affordability of insurance cover for all sectors of the Queensland community.

Yes there are: Suspend stamp duty for Tourist Resorts temporarily; contact the Australian Prudential Regulation Authority on behalf of Queenslanders; look at setting up a Qld Insurance company along the lines of the TIO (I did contact the NT Government and ask them to talk to our State Government about it); and do something rather than just pontificate. By the time you carefully consider the outcomes you may not be in power. I for one, would consider voting for anyone who even looks like helping us rather than just sending out standard letters.

With all respect, and I suppose respect is due, stop patronising the Qld people affected by these insurance hikes, stop treating us all as idiots, and at least try to do something on our behalf.



Supplementary submission 112a



ASSISTANT TREASURER MINISTER FOR FINANCIAL SERVICES AND SUPERANNUATION

PO BOX 6022
PARLIAMENT HOUSE
CANBERRA ACT 2600

Telephone: 02 6277 7360
Facsimile: 02 6273 4125

www.assistant.treasurer.gov.au

Mrs Margaret Shaw

12 DEC 2011

Dear Mrs Shaw

Thank you for your email of 20 August 2011, originally directed to the Prime Minister, concerning the increase in insurance premiums for [REDACTED] in Airlie Beach. Your email has been referred to me as I have portfolio responsibility for this matter. I apologise for the delay in responding to you.

In relation to the increase in insurance premiums, the high cost is partially attributable to rising reinsurance costs, as the insurance industry reassesses risk following the recent spate of natural disasters in Queensland. In addition, certain state and territory taxes also influence insurance premiums.

The Australian Government regards the affordability and availability of insurance, including for body corporates, as key factors in the nation's response to the threat and occurrence of natural disasters. On 4 March the Government announced the Natural Disaster Insurance Review (NDIR) to examine current arrangements for insuring the assets of Australian individuals, small businesses and governments, for damage and loss associated with floods and other natural disasters. The Review considered a broad range of matters, including whether any form of government intervention in private insurance markets is necessary. The cost of insurance for residential strata titles was a key issue considered by the Review. In this regard, the Review panel, which was chaired by Mr John Trowbridge, a former executive member of the Australian Prudential Regulation Authority, was provided with a copy of your correspondence to the Prime Minister.

The NDIR report was publically released on 14 November. A copy of the report can be found at: http://www.ndir.gov.au/content/report/downloads/NDIR_final.pdf.

The Government's initial response to the recommendations, including a response to four recommendations pertinent to strata title insurance (recommendations 18, 27, 33 and 36) can be found at: http://www.treasury.gov.au/documents/2226/PDF/Gov_responseNDIR.pdf.

You may also wish to note that on 23 November I announced that the current terms of reference for the House of Representatives Standing Committee on Social Policy and Legal Affairs inquiry into the operation of the insurance industry during disaster events will be amended to enable the Committee to inquire into and report on the affordability of residential strata title insurance, particularly in Northern Australia.

Supplementary submission 112a

The inquiry was established following public concerns about the performance of the insurance industry after the extreme weather events of 2010-11, culminating in the devastating floods in Queensland and Victoria.

Over the course of 2011 it has become apparent that concerns have arisen in regards to insurance for strata title. Accordingly, the terms of reference to the existing inquiry have been amended to look into:

- the magnitude of the increases in the cost of residential strata insurance over the past five years, the reasons for these increases and whether these increases are likely to be sustained;
- the ability of insurers to price risk and the availability of accurate data to allow for this;
- the extent to which there is a failure in the insurance market for residential strata properties either generally across Northern Australia or in some regions in particular, for example due to a lack of competition between insurers;
- whether consumer awareness of different insurance options should be enhanced;
- the extent to which the nature of body corporate arrangements are contributing to affordability difficulties; and
- whether the conclusions regarding the issues above provide justification for government intervention in the residential strata insurance market.

Further details about the updated terms of reference are at:

<http://ministers.treasury.gov.au/DisplayDocs.aspx?doc=pressreleases/2011/158.htm&pageID=003&min=brs&Year=&DocType=>.

The Government will await the findings of this inquiry before considering whether and in what manner it should intervene with respect to this matter.

I trust this information will be of assistance to you.

Yours sincerely

A large black rectangular redaction box covering the signature area.

BILL SHORTEN



Our ref: AG/11/04089, FTP-00921

Office of the
Attorney-General
Minister for Local Government
and Special Minister of State

04 OCT 2011

[REDACTED]

Dear [REDACTED]

RE: Insurance for community titles schemes

Thank you for your email of 2 September 2011 to the Honourable Paul Lucas MP, Attorney-General, Minister for Local Government and Special Minister of State, about insurance for community titles schemes. The Attorney-General has asked that I respond on his behalf.

The Queensland Government is keenly aware of the issues relating to insurance which have been starkly highlighted by the natural disasters affecting Queensland earlier this year. I am alarmed by the increase in insurance fees you and others in your community titles scheme are faced with.

In regard to your query, the *Body Corporate and Community Management Act 1997* continues to require that bodies corporate insure the common property and body corporate assets for full replacement value. The Act also continues to require bodies corporate to take out building insurance for the full replacement value of each building.

I would draw your attention to the Insurance Council of Australia, telephone 1300 728 228 and the Financial Ombudsman Service, telephone 1800 337 444. You may wish to consider raising specific concerns about your insurance policy, and/or the conduct of particular insurance companies, direct with either of these agencies.

You may be aware that the insurance industry is regulated by the Commonwealth under the *Insurance Contracts Act 1984* (Cwth) and is therefore not directly within the scope of the Queensland Government's regulatory or enforcement responsibilities. However, due to the seriousness of this matter, the Queensland Government has established an independent Commission of Inquiry to examine the 2010-11 Queensland floods.

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Queensland 4002 Australia
Telephone +61 7 3224 4600
Facsimile +61 7 3224 4781
Email attorneygeneral@ministerial.qld.gov.au
ABN 65 959 415 158

Supplementary submission 112a

The Commission will inquire and report on a range of topics, including private insurers and their responsibilities. The Commission of Inquiry delivered an interim report in August 2011, and a final report, which will address insurance matters, is due to be delivered by January 2012.

The Commission will be holding a round of public hearings in September and October of this year, which will have a particular focus on insurance and land planning. While there will not be a public hearing held in Airlie Beach, where possible, public hearings will be streamed on the Queensland Floods Commission of Inquiry website at www.floodcommission.qld.gov.au. More information on the Queensland Floods Commission of Inquiry and the public hearings is available on the Commission's website. Alternatively, the Commission can be contacted by telephone on 1300 309 634 or by email to info@floodcommission.qld.gov.au.

The Commonwealth Government has also undertaken to address insurance issues through a number of reviews, namely:

- the Commonwealth Natural Disaster Insurance Review;
- the House of Representatives Standing Committee Inquiry into the operation of the insurance industry during disaster events; and
- the Commonwealth Treasury consideration of proposed reforms to insurance policies.

The Queensland Government made two submissions to the Natural Disaster Insurance Review and raised the issue of rising costs of insurance. You may also be interested to know that the National Community Titles Institute and Strata Community Australia, which are associations which advocate and lobby for the community titles sector, made submissions to this review. Submissions have now closed, however all submissions to the review are available for public viewing from the Natural Disaster Insurance Review website (www.ndir.gov.au) or by contacting the Review Secretariat on (02) 6263 3340.

I trust this information is of assistance. If you require any further information, please contact [REDACTED], Executive Manager, Marketplace Strategy Branch, Office of Regulatory Policy, Department of Justice and Attorney-General, on telephone number [REDACTED] who will be pleased to assist.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Senior Policy Advisor

Supplementary submission 112a



ASIC

Australian Securities & Investments Commission

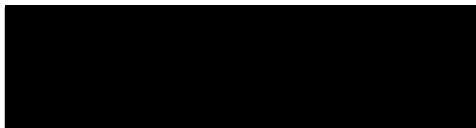
Our Reference: 39014/11

Commonwealth Bank Building
240 Queen Street, Brisbane
GPO Box 9827 Brisbane QLD 4001
DX 322 Brisbane

Telephone: (07) 3867 1700
Facsimile: (07) 3867 4725

19 September 2011

Mrs Margaret Shaw



Dear Mrs Shaw

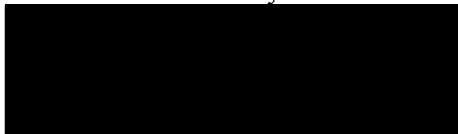
Thank you for your correspondence of 18 September 2011. ASIC will consider the issues you have raised and endeavour to respond to you within 28 days.

The attached brochure, "How ASIC deals with your complaint", explains ASIC's responsibilities and the process we use for assessing your matter. Please read this information carefully.

If you have further information you wish us to consider in our assessment of your complaint, and have not already provided this, please forward it to us within 7 days from the date of this letter.

We will be in contact with you again shortly. In the mean time, if you have any questions please contact [REDACTED]

Yours sincerely



Misconduct & Breach Reporting
Stakeholder Services

Supplementary submission 112a



ASIC

Australian Securities & Investments Commission

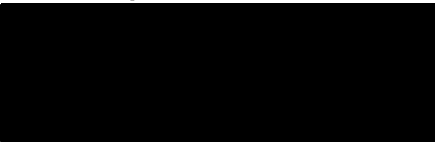
Our Reference: 39014/11
PCS 2011/22998

Commonwealth Bank Building
240 Queen Street, Brisbane
GPO Box 9827 Brisbane QLD 4001
DX 322 Brisbane

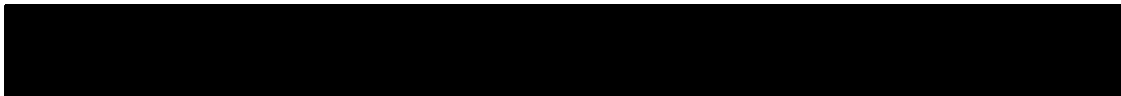
Telephone: (07) 3867 4700
Facsimile: (07) 3867 4725

11 October 2011

Mrs Margaret Shaw



Dear Mrs Shaw



Thank you for your correspondence of 18 September 2011.

We note the concerns which you have raised in relation to the increase in insurance premium of the [REDACTED].

Outcome of ASIC's consideration

ASIC conducts an assessment of every complaint that it receives, to determine first whether there is regulatory action available to us to take and secondly, whether it is in the public interest to take it. We weigh every complaint we receive against four basic questions:

- What legal action can we take?
- Is the evidence likely to be sufficient?
- Which complaint is the most urgent and most serious?
- If we succeed, will people behave better in the future?

After careful consideration ASIC has decided that we will not take any further action into the issues which you have raised at this time. The reason for not taking action in relation to your matter is that there is insufficient evidence of a breach of any legislation administered by ASIC. ASIC is unable to intervene in relation to the commercial arrangements which are entered into [REDACTED] with its clients for the provision of its insurance coverage services.

Supplementary submission 112a

-2-

11 October 2011

Going forward

Although we have decided not to investigate your complaint at this time, this does not prevent you from pursuing any civil remedies otherwise available to you. You may wish to avail yourself of internal and external dispute resolution mechanisms that are available.

Internal Review

You may wish to make a complaint through the internal complaint review process of [REDACTED]. For your information, I have **enclosed** a copy of the contact details for the internal dispute resolution area of [REDACTED] (which is also available from the FOS website www.fos.org.au).

Once you have addressed your concerns with [REDACTED] through its internal complaint handling procedures and should you feel that your complaint has not been resolved to your satisfaction, then you are entitled to refer your matter for an external review.

External Review

In addition to an internal review process, financial services providers are required to join an external dispute resolution scheme approved by ASIC. This requirement is designed to provide a relatively quick and efficient means of resolving complaints without resorting to Court action.

The Financial Ombudsman Service ('FOS') is an independent external organisation approved by ASIC to assist consumers in the resolution of complaints regarding members of the financial services industry.

If your complaint with [REDACTED] is not resolved by the internal procedures of [REDACTED] to your satisfaction, you can make a complaint to FOS. Their service is free of charge to consumers. FOS can be contacted at:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Phone: 1300 78 08 08
<http://www.fos.org.au>

As ASIC operates under a duty of confidentiality, it is more appropriate that you contact FOS directly about your concerns.

Please note that ASIC has no power to intervene in the decision-making of the finance sector dispute resolution schemes, and we cannot seek to have a decision cancelled. Your private rights of action remain, as is the case with any complaint before an approved dispute resolution scheme. Furthermore, if FOS considers that there has been general or repeated breach or breaches by their member of a law governed by ASIC, FOS may report the breaches to ASIC.

Supplementary submission 112a

-3-

11 October 2011

We have recorded the information which you have provided in our confidential internal database. This information will assist us if we receive further similar complaints.

If you have any questions in relation to this letter please contact me on 07 3867 4902.

Yours sincerely

[Redacted signature]

[Redacted name]

**Misconduct & Breach Reporting
Stakeholder Services**

Supplementary submission 112a

ACCC Correspondence:

From: [REDACTED]
Sent: Wednesday, 21 September 2011 1:57 PM
To: Infocentre Public Mailbox
Subject: Complaint form submission [SEC=UNCLASSIFIED]

Complainant details

Mr Lester Riley

[REDACTED]

Age: 65+
Gender: male

Contact details

[REDACTED]

[REDACTED]

[REDACTED]

Date received: 21st September 2011

Product provider: [REDACTED]
Product description: Insurance Rates in North Queensland

Complaint

Insurance Industry Price Controlling The Insurance Industry has targeted Multi-level Resort Buildings in North Queensland as a means of extracting maximum premiums following the natural disasters which have occurred in the region. By refusing to accept new clients, all the major Insurance Companies have immediately stifled any competition which has given themselves carte blanche to increase premiums. This has been a very clever move assuming that it will not be contested. Increases up to 350% have been implemented – the general rise seeming to be 200%. This level of increase is seems to be absolutely incredible and indefensible. From enquiries so far, increases of this magnitude have not been applied to general housing even though the value per household of the insured property is quite similar. (For example, the Resort I live in is valued at \$21M total which houses 40 residences or \$525,000 per family. This is similar to the local area value for a regular home). This is unconscionable conduct and must surely border on industry protectionism, price fixing or even criminal intent. Additionally, these increases in premiums do not reflect in any way the facts of the cases. Whilst many large claims have been made by a relatively few Resorts - maybe offshore Islands I would suggest - the majority of Mainland Multi-level Resorts have in fact had minimal claims or even no claims at all in the past 5 years. Considering the number of cyclones and storm levels, Help

Supplementary submission 112a

On Fri, Sep 30, 2011 at 5:13 PM, Infocentre Public Mailbox <info.centre@accc.gov.au> wrote:
Dear Mr Riley,

Thank you for your email of 23 September 2011 to the Australian Competition and Consumer Commission (ACCC) regarding your concerns in relation to the Insurance Industry. Your reference number for this matter is 1153234.

The role of the ACCC is to ensure compliance with the *Competition and Consumer Act 2010 (Cth)* (the Act), which is designed to encourage fair trading and discourage anti-competitive conduct through a specific set of competition and consumer protection rules.

The Act prohibits the making or giving effect to a contract, arrangement or understanding that contains cartel provision. A cartel provision is a provision which has the purpose or effect of fixing or maintaining prices, restricting outputs and/or allocating customers, suppliers or territories. The setting of same or similar prices by competitors is insufficient to demonstrate a breach of the Act if there is no evidence of a contract, arrangement or understanding.

45C of the Act contains an outright prohibition on contracts, arrangements or understandings between competitors in relation to prices regardless of the effect on competition. This includes agreements which purport to 'recommend' prices but which in reality fix prices by agreement. Some joint ventures and collective buying groups are excluded from this provision.

Generally speaking, businesses in Australia are free to set their own prices on goods and services as long as they do it independently (i.e. without consultation with their competitors to set prices at a certain level).

The Act is available online at <http://scaleplus.law.gov.au/html/pasteact/0/115/top.htm> if you wish to view the relevant sections yourself.

Further to this, you may wish to view the ACCC publication 'Small Business and the Trade Practices Act' which contains some practical advice about price fixing. It is available from our website at <http://www.accc.gov.au/content/index.phtml?itemId=304583>.

The information you have provided does not indicate any price fixing by insurance companies. Consequently, the information supplied does not provide a sufficient basis on which to conduct further enquiries.

If you would like to provide any further supporting evidence regarding the matter please do not hesitate to contact the ACCC again.

In addition, under the ACL complaints that relate to financial products and services are primarily the responsibility of the Australian Securities and Investments Commission (ASIC).


ASIC has responsibility for consumer protection matters involving:

- Facilities for taking money on deposit – made available in the course of conducting a banking business
- Securities
- Futures contracts
- Contracts for insurance
- Retirement saving accounts
- Superannuation interests

For this reason you also may wish to contact the Australian Securities and Investments Commission (ASIC) with your concerns. ASIC can be contacted on telephone 1300 300 630 or at www.asic.gov.au.

Thank you for contacting the ACCC with your concerns. I trust this information is of use.

Yours sincerely


ACCC Infocentre
Ph: 1300 302 502

Supplementary submission 112a

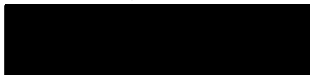


Office of the Premier

For reply please quote: MC/PB – TF/11/27350 & TF/11/27373 – DOC/11/164716


– 6 OCT 2011

Ms Margaret Shaw



Dear Ms Shaw

Thank you for your emails of 23 September 2011 concerning the cost of body corporate insurance for your property in Airlie Beach. I have been requested to reply to you on the Premier's behalf.

While the contents of your messages have been noted, unfortunately the Premier is unable to add to the information previously conveyed to you on 27 September 2011 by , Principal Advisor, Office of the Minister for Finance, Natural Resources and The Arts.

It is also noted that you have forwarded a copy of your emails to the Honourable Rachel Nolan MP, Minister for Finance, Natural Resources and The Arts.

Again, thank you for contacting the Premier on this matter.

Yours sincerely




Director
Executive Correspondence

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Website www.thepremier.qld.gov.au

Supplementary submission 112a



Parliament House
State Square
Darwin NT 0800
minister.lawrie@nt.gov.au

GPO Box 3146
Darwin NT 0801
Telephone: 08 89014047
Facsimile: 08 89014169

Margaret
Dear Ms Shaw

Re TIO Insurance and Finance

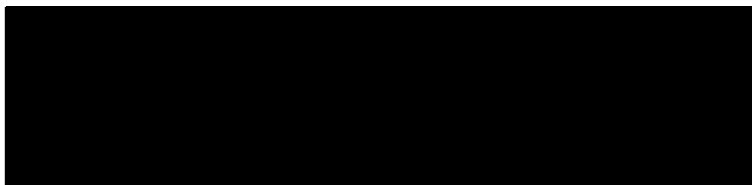
This letter is in response to your email received on 23 September 2011.

The Territory Insurance Office (TIO) was formed in 1979 as a response to a unique set of social and economic circumstances affecting the Northern Territory. TIO is wholly owned by the Northern Territory Government. TIO operates solely in the Northern Territory.

In respect to advice to the Queensland Government, I would suggest that you make contact with your Local Member of Parliament as the best avenue to ensure that the Queensland Government is aware of your thoughts and concerns.

Thank you for your e-mail and best regards.

Yours sincerely



13.10.11



Queensland
Government

Our ref: AG/11/04849, 541250/1

25 NOV 2011

Ms Margaret Shaw
[REDACTED]

Office of the
Attorney-General
Minister for Local Government
and Special Minister of State

Dear Ms Shaw

Re: Increases in the cost of body corporate insurance for property in Airlie Beach

I refer to your email of 27 September 2011 to the Honourable the Premier about increases in the cost of insurance for [REDACTED] community titles scheme.

Your email was forwarded to the Honourable Paul Lucas MP, Attorney-General, Minister for Local Government and Special Minister of State, who has portfolio responsibility for the *Body Corporate and Community Management Act 1997* (the Act), to respond to the issues you raised about body corporate legislation.. The Attorney-General has asked that I respond on his behalf.

I note your general concerns about the availability and cost of insurance for community titles schemes have been addressed in the letter of 27 September 2011 from the Office of the Minister for Finance, Natural Resources and The Arts.

I will address your concerns about the Act.

You indicate it is your understanding that the body corporate legislation requires a body corporate to obtain at least two quotes for insurance and you say you are unable to comply with this requirement.

The Act and the associated regulations provide that if a proposal for spending is to be considered at a general meeting and involves more than the relevant major spending limit for the scheme, at least two quotes for the work must be obtained and included with the notice of meeting.

In exceptional circumstances where it is not practicable to obtain multiple quotes, a single quotation may be acceptable.

Under the *Body Corporate and Community Management (Standard Module) Regulation 2008* (the Standard Module), the relevant limit for major spending by the scheme can be set by ordinary resolution of the body corporate.

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Email attorneygeneral@ministerial.qld.gov.au
ABN 65 959 415 158

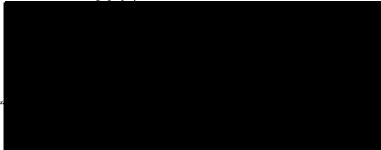
Supplementary submission 112a

If no amount is set, the relevant limit is the lesser of either \$1,100 multiplied by the number of lots in the scheme or \$10,000. For example, the limit for a body corporate with five lots would be \$5,500 ($\$1,100 \times 5$ lots), as this amount is less than \$10,000. In a 15 lot scheme the limit would be \$10,000, as it is less than \$16,500 ($\$1,100 \times 15$ lots).

While I appreciate the difficulty your scheme faces regarding insurance you can see there is some flexibility in the Act to take account of exceptional circumstances. The Information Service provided by the Office of the Commissioner for Body Corporate and Community Management (BCCM Office) is available to provide further information about these matters. The BCCM Office Information Service can be contacted on freecall 1800 060 119.

I trust this information is of assistance.

Yours sincerely

A black rectangular redaction box covering the signature of the Senior Policy Advisor.

Senior Policy Advisor

Supplementary submission 112a



Office of the Minister for Finance,
Natural Resources and The Arts

FIN-00613

17 OCT 2011

Ms Margaret Shaw

Dear Ms Shaw

Thank you for your further letter of 28 September 2011 regarding the high cost of insurance for strata units.

I understand your frustrations and appreciate that this issue is taking a toll on residents in North Queensland.

I am advised that there are many factors underlying the increasing cost and availability of body corporate insurance. Although stamp duty is one component of the total insurance cost, it is not the reason for the current difficulties being experienced. While your additional comments are noted, implementing any reduction or waiver in stamp duty is likely to lead to calls for a similar exemption from other sectors of the Queensland community who are also experiencing significant premium increases. Its removal, whether for bodies corporate or otherwise, is unlikely to greatly improve the affordability of insurance premiums in the absence of a more competitive insurance market.

While the concept of state government insurance for private property as suggested may appear to offer a solution, it also has many complexities and brings no certainty that premiums would be more affordable than what is already provided by established private insurers.

Please be assured that the Queensland Government is participating in policy discussions at the national level regarding strategies to improve the accessibility and affordability of insurance and in relation to tax reform generally and will carefully consider any recommendations emanating from the national insurance inquiries.

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Telephone +61 7 3224 2880
Facsimile +61 7 3836 0553
Email finance@ministerial.qld.gov.au
naturalresources@ministerial.qld.gov.au
arts@ministerial.qld.gov.au

Supplementary submission 112a

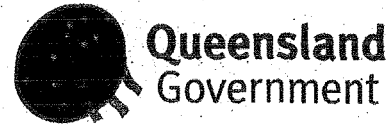
Thank you for your further feedback on this issue.

Yours sincerely



Principal Advisor

Supplementary submission 112a



Office of the Minister for Finance,
Natural Resources and The Arts

FIN-00630

19 OCT 2011

Mr Lester Riley
[REDACTED]

Dear Mr Riley

Thank you for your further email of 3 October 2011 requesting an update on the insurance review process.

The National Disaster Insurance Review has now been completed with the Panel's Final Report submitted to the Australian Government on 30 September 2011. I am advised that the Australian Government is currently considering the Panel's findings and as such, the Report has yet to be publicly released. Further information about the Review is available at www.ndir.gov.au.

The House of Representatives Standing Committee on Social Policy and Legal Affairs is also conducting an inquiry into the operation of the insurance industry during disaster events with a particular focus on consumer access to appropriate and accurate information, claims processing arrangements and the effectiveness of internal and external processes for resolving claims disputes. The full terms of reference, including public hearing dates and venues are provided on the Committee's website at www.aph.gov.au/house/committee/spla/index.htm. There has been no date set for the Committee to provide its report into these matters.

Concurrent with these national inquiries, the Queensland Floods Commission of Inquiry is also considering the performance of private insurers in meeting their claims responsibilities. The second round of hearings commenced on 19 September 2011 with a particular focus on insurance and planning matters. The findings will be included in the final report to Government due 24 February 2012. Further details are available on the Commission's website: www.floodcommission.qld.gov.au.

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Email finance@ministerial.qld.gov.au
naturalresources@ministerial.qld.gov.au
arts@ministerial.qld.gov.au

Supplementary submission 112a

I trust this information is of assistance.

Yours sincerely



Principal Advisor

Supplementary submission 112a

From: [REDACTED]
Sent: Wednesday, 26 October 2011 10:12 AM
To: Whitsunday Electorate Office
Subject: Fw: REQUEST A MEETING

26 October 2011

Good morning Jan ✓

Could we arrange a meeting with you at your office in Proserpine regarding insurance for Body Corporate complexes where strata title insurances have 'gone through the roof'. We are seeking your help in trying to bring some sensibility to the situation.

We have formed a sub-committee of 3, known as QUID, under the umbrella of the Whitsunday Ratepayers Association. We have not been idle, having contacted nearly 40 local complexes who are supporting our efforts to address the apparent embargo on buildings north of the Tropic of Capricorn. In addition we have been in contact with federal politicians, insurance companies, brokers, real estate agents and others.

Could we please arrange a meeting asap.

Regards

[REDACTED]
Chair of BC
[REDACTED]

cc: Lester, Margaret

Supplementary submission 112a

----- Original Message -----

From: Whitsunday Electorate Office

To: [REDACTED]

Sent: Thursday, November 10, 2011 2:51 PM

Subject: RE: REQUEST A MEETING

Good afternoon [REDACTED]

I have been advised of the following information about the issue with Body Corp Fees.

The Queensland Government is keenly aware of issues relating to insurance which have been starkly highlighted by the recent natural disasters affecting the State. Those concerns have been formally raised with the Commonwealth Government which has responsibility for the regulation of insurance.

In part and as a result of wider community concern, the Natural Disaster Insurance Review was announced on 4 March 2011 by the Assistant Treasurer, the Hon Bill Shorten MP. A Review Panel established by Minister Shorten has been asked to examine the availability and affordability of insurance with particular emphasis on flood and other natural disasters.

On 2 June 2011 the Review Panel released an Issues Paper that identifies three alternative models to improve access to flood cover for home insurance. It also considers whether any new arrangements for flood insurance for homes might be extended to contents, strata title buildings and small business. The Review Panel sought the views of interested people and organisations on the propositions, questions and options included in the Issues Paper. A copy of the Issues Paper is available from <http://www.ndir.gov.au/content/issuespapers/NDIRIssuesPaper.pdf>. *Submissions have closed*

Alternatively, can you also raise concerns regarding the increase of premium costs direct with the Honourable Wayne Swan MP, Deputy Prime Minister and Treasurer, as insurance policy falls within his portfolio responsibilities. The Treasurer's postal address is PO Box 6022, Parliament House, Canberra ACT 2600.

In addition, the Queensland Government has also established an independent Commission of Inquiry to examine the recent flood disaster in Queensland. Amongst other things, the Commission of Inquiry will examine the performance of private insurers in meeting their claims responsibilities. Submissions about the performance of insurers have now closed. Further information on the Commission of Inquiry can be found on their website at www.floodcommission.qld.gov.au.

Another course of action open to concerned residents is to raise particular issues they might have direct with the Financial Ombudsman Service on 1800 337 444. Alternatively, you may wish to raise his concerns with the Insurance Council on 1300 728 228 as the peak industry body.

Hope this answers your questions.

[REDACTED]
Electorate Officer for
Jan Jarratt MP
Member for Whitsunday
Ph: 4945 3343

Supplementary submission 112a

From: Margaret Shaw [REDACTED]
Sent: Sunday, 30 October 2011 1:49 PM
To: Brisbane OFT
Subject: Online enquiry - Hidden commissions

Good morning,

I accept you know of the problems North Qld is having with insurance premium hikes of 200-500% (I understand in Cairns it is up to 800%) for large strata complexes.

We need some advice please.

Whilst trying to help some of the large complexes find insurance (I live in a tourist resort as an owner occupier) it has come to my attention that the documents supplied by Insurance Brokers and Body Corporate Managers contain sometimes contain commission/rake offs which aren't declared.

Example 1 attached - we believe there is a hidden commission in the premium of \$100,951 shown of around 10-15%

Example 2 attached - we believe there is a hidden commission / rake off payable to the Body Corporate Managers of an undisclosed amount. Since there is a single figure for the premium supplied, we don't even know how much of it is stamp duty, broker fee, gst or what. For this example also please note the date the renewal was issued and the date it had to be paid by. 36 hours is not enough time to go out to the market and try to get a better quote or change brokers, neither is it enough time to have an EGM in order to raise a special levy to pay the premium (which is more than 200% higher than last year).

There is legislation in place to prevent Real Estate Agents from hiding pay offs. Who do we need to apply to in order to get legislation to make Insurance Brokers and Body Corporate Managers declare their interest please?

Best Regards

Margaret Shaw
[REDACTED]

----- Original Message -----

From: Brisbane OFT
[REDACTED]
Sent: Monday, October 31, 2011 1:45 PM
Subject: RE: Online enquiry - Hidden commissions

Dear Margaret,

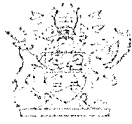
I refer to your email dated 30 October 2011.

In relation to your enquiry to the Office of Fair Trading it is suggested that you go to your local member of parliament regarding these matters.

I hope this is of assistance to you.

Kind Regards,
Brisbane OFT

Supplementary submission 112a



Hon Paul Lucas MP



Queensland
Government

Our ref: FTP-01004, FT468825

Attorney-General
Minister for Local Government and
Special Minister of State

27 NOV 2011

Ms Margaret Shaw
[REDACTED]

Dear Ms Shaw

RE: Disclosure to bodies corporate of commissions

I refer to your email of 31 October 2011 to the Honourable Jan Jarratt MP, Member for Whitsunday, about requirements for disclosure to bodies corporate by body corporate managers and insurance brokers who receive commissions for insurance taken out by bodies corporate. Ms Jarratt's office has forwarded a copy of your correspondence to me for consideration.

I am advised that under Queensland's *Body Corporate and Community Management Act 1997* and its associated regulations, it is an offence for a body corporate manager not to disclose to the body corporate a commission they are entitled to receive.

Section 135 of the *Body Corporate and Community Management (Standard Module) Regulation 2008* requires a body corporate manager to disclose to the body corporate (in writing) a commission, payment or other benefit the body corporate manager is entitled to receive under a contract the body corporate is considering entering into, or proposes to enter into. This disclosure requirement includes a commission received by a body corporate manager from an insurance company. The body corporate manager must disclose the commission, payment or other benefit before the body corporate makes its decision to enter into the contract or arrangement. The offence carries a maximum penalty of 20 penalty units.

If a body corporate believes a body corporate manager has not complied with the disclosure requirements, the body corporate may take a private action to the Magistrates Court. Alternatively, the body corporate could try to seek prosecution by taking the matter to the Queensland Police. Before taking such action, it is advisable for a body corporate to seek legal advice.

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Queensland 4002, Australia
Telephone +61 7 3224 4600
Facsimile +61 7 3224 4781
Email attorneygeneral@ministerial.qld.gov.au
ABR 65 959 415 158

Supplementary submission 112a

The Office of the Commissioner for Body Corporate and Community Management, within the Department of Justice and Attorney-General, provides an information and dispute resolution service for people who live, work and invest in community titles schemes. The Commissioner's Office, which can be contacted by telephone on freecall 1800 060 119, can provide you with further information about the rights and obligations of lot owners, bodies corporate and body corporate managers under the *Body Corporate and Community Management Act 1997* and its associated regulations.

I turn now to the matter of insurance brokers. These financial service providers are regulated by the Commonwealth under the *Corporations Act 2001* and are therefore not directly within the scope of the Queensland Government's regulatory or enforcement responsibilities. Accordingly, I have taken the liberty of forwarding a copy of your correspondence to the responsible Commonwealth minister, the Honourable Bill Shorten MP, Assistant Treasurer and Minister for Financial Service and Superannuation for his consideration and direct reply to you.

I would also draw your attention to the Financial Ombudsman Service which deals with complaints and disputes about financial services, including insurance. The Financial Ombudsman provides a free and independent national dispute resolution service and can be contacted by telephone on 1300 78 08 08.

I trust this information is of assistance. If you require any further information, please contact [REDACTED], Executive Director, Office of Regulatory Policy, Department of Justice and Attorney-General, on telephone number (07) 3872 0875 who will be pleased to assist.

Yours sincerely

[REDACTED]

PAUL LUCAS MP
Attorney-General,
Minister for Local Government
and Special Minister of State

Supplementary submission 112a

----- Original Message -----

From: Margaret Shaw

To: Bill.Shorten.MP@aph.gov.au

Sent: Monday, November 21, 2011 3:19 PM

Subject: North Queensland Needs Help

Dear Sir,

I have attached details of the major problem affecting North Queensland strata complexes which you may or may not be aware of, please take the time to read it as it is all explained within.

We are desperate and need help. The problem affecting us could so easily become a problem for all other areas of Australia (except the NT which has already solved it) so a solution must be found now.

Where our current Federal members (LNP) have got involved, we have had no luck at State level, and every organisation approached seems to think it is nothing to do with them and they can't help. Surely, someone, somewhere has a solution.

Best Regards

Margaret Shaw

Treasurer

From: Shorten, Bill (MP)

To: Margaret Shaw

Sent: Monday, November 21, 2011 3:19 PM

Subject: Thank you for your email

Thank you for taking the time to get in touch.

Please note that a response will only be provided if your full details including name, address and contact phone number have been included.

If your email relates to the ministerial portfolio - Treasury, Superannuation or Financial Services - it will be redirected to the Ministerial office.

If you have sent a meeting request or event invitation - it will be redirected to atinvitations@treasury.gov.au for further follow up.

Once again thank you for your message.

Bill Shorten MP
Assistant Treasurer
Minister for Financial Services and Superannuation
Member for Maribyrnong

NO FURTHER REPLY AS YET