

Response ID ANON-DUXZ-42BZ-D

Submitted to Northern Australia Insurance Inquiry
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About you

What is your name?

Name:
Kerryn Beck

What is your email address?

Email:
[REDACTED]

What is your suburb/town and postcode? (Only one is required.)

Suburb/town::
[REDACTED]

Postcode::
[REDACTED]

If you live in northern Australia, please tick all descriptions that apply to you.

What type of residence do you live in?
[REDACTED]

What insurance do you currently have? Please tick all descriptions that apply to you.
[REDACTED]

What is important in your decisions about insurance?

1. How important is the price ('premium') in your decision?

You could also tell us: Did you know about the price of insurance in your town before you moved there? Has price changed a lot? Have you tried to get a lower price? :

Price is always important. We own a Management Rights business in a Strata Title complex with our main business Holiday Letting. Insurance is compulsory for us and the legislation we operate within (BCCM Act) stipulates that the buildings and common property must be insured at Full replacement cost. This means the Body Corporate (BC) must insure the property for reinstatement of the property to its condition as new even if the property is 30 years old. Not to its condition as it was just before the insurance claim. To determine the replacement cost we must have a formal Valuation of the property every 5 years.

It makes no difference what the price is, as we still have to pay it. in

2. How much choice of insurers do you have?

You could also tell us: Where you live, how much choice is there between insurers? Do you think different insurers offer different policies (i.e. is coverage different)? :

Technically we have no choice in Insurance Companies. Only two insurance companies will quote on Strata Title Insurance in Mackay. One is almost double the price of the other so no real choice.

3. What are you covered for?

You could also tell us: Can you get the sort of insurance you want? Do you want flood insurance? How confident are you that you know what you are covered for and what limits you have? If you have made a claim, were you covered for what you thought you were?:

As stated above the BC is covered for Full Replacement Value. The insurance cover is not what we want. Our policy has a \$36,000 excess for a named cyclone and excludes cover for Flood, Tidal Waves and terrorist attacks. We are located right on the beach.

BC insurance has so many additional restrictions over and above other businesses insurance which are an impediment to the growth of our business sector.

Two examples of additional impediments for Strata Title properties.

1. Our BC wanted to purchase a jumping pillow for [REDACTED]. Pillow cost approx \$12,000, increase in the BC's insurance premium of approx. \$5,000 pa to insure the pillow, and they would only insure the BC if the pillow was fenced in. If we were a caravan park the insurance cost may have increased by \$500 pa if it increased at all and the pillow wouldn't need to be fenced.
2. Our Local Council wanted to provide a Beach Wheelchair for locals and visitors to borrow and use on our beach. We were to be a collection point for the wheelchair. It would have been a win win for us and council. BC insurance company said a blatant NO, so non Strata Title beachfront properties have this service now.

Why do BC insurers perceive there a greater public liability risk at a Strata Title property than a Caravan Park? Strata Properties are very highly regulated and have annual WH& S audits, Fire Safety Training and Audits, etc etc and would be arguably safer, than accommodation businesses that dont have these legal requirements.

4. How important is customer service and claims handling reputation?

You could also tell us: How much does an insurer's reputation matter? How much does customer service matter? Have you seen an insurer behaving in a way that you think is unfair or confusing?:

Customer service and streamlined claims handling is extremely important for all parties. There is an obvious lack of communication and scheduling between claimants Insurance companies and the repairers.

Our dealings with Insurance Companies are threefold.

1. We deal with Insurance companies as a claimant, although our last claim for a Cyclone was in 2010 for Cyclone Ului after a neighbours tree falling onto the BC's tennis court. No claims for Cyclone Debbie or for the floods in Mackay in 2008.

2. We accommodate guests who move out of their homes because of insurance claims. The payment process by differing Insurance companies is fraught with danger and deception. Some insurance companies pay the claimant directly for their accommodation costs then the claimant has to pay us. If the claimant doesn't pay us we have no recourse with the Insurance Company even though they arranged the accommodation in the first place. A claimant struggling with the impact of a natural disaster doesn't need the additional aggravation of paying invoices the insurance company could do directly, nor do they need businesses on their back wanting payment. Other insurance companies arrange the accommodation and pay us directly. Much easier, less stressful for the claimant, more reliable and less double handling.

We have also had situations where we are asked to provide a written quote/Tax Invoice for a claimant who books their accommodation and later cancels. A cynic would assume they charge their insurance company for accommodation, pocket the money, and stay with friends or family.

Some claimants we had staying at our property moved out of their homes for work to start the following day and 6 weeks later the work still hadn't started. We also had a guest tell us that their claims agent phoned her a 2am one morning and asked her to go back to her home immediately and put buckets under the roof where it leaks as it had started to rain. Her roof temporarily fixed by the insurance company's builder after Cyclone Debbie was not done properly. This was three months after the cyclone.

3. As Resident letting agents, Caretakers and onsite managers, we dont deal with Insurance Companies sometimes when we should. An owner of a unit in our BC complex can lodge a claim directly with the BC's Insurance Broker without our knowledge. They are allowed to do this but as the Resident Managers we should be asked for some background information regarding the claim. We are far more likely to know the circumstances surrounding a claim on a unit we manage than a broker who has never set sight on the property.

The claims handling procedures, particularly payment processes need simplifying. This would improve Customer Service and speed up claim handling.

5. Have you seen an insurer behaving in way that you think is unfair or confusing?

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Only as they relate to my comments in 4, above.

6. Has an insurer told you that they won't insure you or renew your insurance policy? If they have, what were the reasons they gave you?

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No.

How you get information about insurance and how easy it is to understand?

7. What information does your insurer give you and how useful is it?

You could also tell us: Does your renewal notice say if price has changed and the reason? Does it say how premiums are calculated? What could insurers do to make it easier to understand their products? :

Insurance Renewal is forwarded to us by our Body Corporate Manager,

Renewal notice does not say how much our premium was last year or why it has gone up this year. They also dont tell us how the premium is calculated. They do give us 17 pages of mostly terms and conditions.

Simplify the renewal notices, Policy wording, and terms and conditions. They should be written in plain english.

8. Where else do you see or look for information?

You could also tell us: How much effort is it to look for better or cheaper policies? What sort of advertising do you see? Have you used websites, tools or calculators? If you live in Queensland, have you heard about or used the North Queensland Home Insurance website? What did you think about it?:

We have sourced numerous other Insurance Companies but only 2 are prepared to quote on our cover. Most say no simply because of the postcode and others say no as soon as we say the insurance is for a BC Strata Complex.

9. Have you used, or thought about using, a broker? Why or why not?

You could also tell us: Did it make it easier for you to get a policy that you were more confident suited your needs?:

We use a broker, [REDACTED], who charges us \$4000 per annum for the privilege. It is still impossible to get a comparative Insurance quote when Insurance Companies wont quote north of Rockhampton regardless of who asks.

10. Is there information to meet the needs of all consumers?

You could also tell us: Who can you ask if you need help understanding insurance? Is there information for people who are unable to read or write or use a language other than English? Do insurers have an office in your area or do they visit? Is mail, phone or internet access an issue in remote areas?:

We speak to our BC Manager in Airlie Beach [REDACTED] if we need help in understanding our Insurance Cover.

Longitude Underwriting MAI Strata Pty Ltd, our Insurers, have an office in Brisbane. I dont think they have any offices further north than Brisbane.

In 2014 our [REDACTED] had a Building Consultant inspect our property and determined it was in good condition and had good waterproofing qualities. As a result, our then Insurance Company Strata Unit Underwriters reduced our Insurance premium by approximately \$10,000 for the 2014/15 year.

Our current Insurers have never visited the property or seen images of it. They would have no idea of its strength or condition.

11. What special information do owners or managers of strata units need?

You could also tell us: How difficult is it to get clear and useful information about strata insurance? How transparent is the information provided to strata unit owners?:

Every owner in a Strata Unit Complex needs to be aware of their responsibilities to maintain their property. For example, in our complex of 36 units, the owners of 22 units have replaced the original roofing tiles with colorbond roofs. The remaining 14 units still have tiled roofs that are becoming less watertight due to age, but have decided against replacing their roofs. A number of the tiles are already broken and cracked.

If we have a bad storm and the tiled roofs are damaged it will be the BC's insurance that pays for them to be replaced, simply because the unit owner has failed to maintain their unit to a satisfactory standard. In this scenero I would be paying towards the cost of replacing my neighbours roof when I have already paid for mine to be replaced.

This is why BC's insurance premiums are so high. Individual owners do not take responsibility for maintaining their own units and the way insurance is designed they get away with it. Maybe if BC insurance Policies were designed so the unit owner who has damage to their unit pays the excess themselves rather than the Body Corporate paying it, there would be less claims and lower premiums.

12. Have you seen examples of tools, technology or information in other industries that should be used to make insurance easier to understand?

Have you seen examples of tools, technology or information in other industries that should be used to make insurance easier to understand?:
No

Have you switched insurers?

13. Have you considered switching insurance in recent years? Did you go ahead and switch? Why or why not? Please tell us about your experience.

You could also tell us: Did you consider switching policies with the same insurer, to a different insurer, or both? How did you find and compare policies? How many quotes did you compare? Was it a lot of effort? How does the use of standard definitions, such as for 'flood', make it easier to compare? Was your focus on price or coverage or both? Did you use a broker to help you? :

I would love to switch to a cheaper Insurance Company for our BC strata Insurance but there are not any cheaper insurers around. Every year we and our Broker research other Insurance Companies but they wont even quote and are not interested because of our location. The only way we have been able to save minimize the increase in our policy is to increase our Cyclone excess which is now \$36,000.00 for a named cyclone.

What can households and insurers do to make insurance more affordable?

14. Have you considered renovating or altering your home, or building a new home to, to reduce the risk of storm or cyclone damage? Did you go ahead?

You could also tell us: How did you find out about building for your local conditions? How did you decide that it was a 'worthwhile' investment? If you made any alterations, did this have any impact on your insurance premium? Has it already, or will it, save you money in the long run?:

As already mentioned a number of unit owners in our complex replaced their roofs several years ago. As some unit owners chose not to, I don't think this has had any impact on our insurance cover. There were no leaking roofs during cyclone Debbie.

██████████ was built in the late 1980's. This was after the new Building Codes became mandatory in northern Queensland, as a result of the devastation caused by Cyclone Tracey in Darwin in 1974, ensuring Mackay buildings would withstand Cyclonic winds equivalent to a category 4 cyclone. Our buildings have stood the test of time with a number of cyclones in the last 14 years and only one claim, basically because of an adjoining landowner's tree.

As we live in a designated Cyclone area we are penalized by Insurance Companies, but our buildings are constructed at additional costs to withstand these cyclones. Why then is the insurance risk of damage greater than say SE Queensland where they get bad storms and extensive damage because their buildings are not constructed to the standard required of us in northern Queensland?

15. What are insurers doing to make it easier and could they do more?

You could also tell us: Would your premium be lower if you made your house or belongings safer? Can you pay fortnightly or monthly and how much extra does it cost to do so? Does your insurer offer Centrepay to eligible customers? Have you seen new or different policies to target particular consumers, such as tenants, households on a low income, or people with only a small amount to insure? :

Nothing.

They could increase premiums in SE Queensland where most of the population live to ease the burden for Northern Queensland.

16. What are you doing to manage the cost of insurance?

You could also tell us: Have rising premiums motivated you to spend more effort looking for better policy options? Have you, or would you, reduce your level of coverage to save? Who else can you get help from?:

Increasing our excesses.

Other issues

17. If you have a view or experience to share that you haven't already covered in another question, please tell us about it. (Optional)

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It's about time the Queensland Govt scrapped Stamp Duty on Insurance payments for

Northern Queensland. Given the huge increase in insurance premiums in the north of the state over the last 10 years, they would have done very well out of the price hikes.

It would be as simple as allocating property postcodes a zero stamp duty rate for all postcodes from Rockhampton North.

The Federal Government should make some rules about Insurance Companies. If an Insurance company wants to provide cover in Queensland they need to offer it for the entire state, not just pick and choose areas where there is a lower perceived risk for the Insurance Company. There needs to be fair competition statewide.

Strata Insurance. The BCCM Act legislation needs to change so it will be easier to get Strata Insurance. Remove the requirement for Insurance to be taken out to cover "Full Replacement cost so the property is reinstated back to its original as new condition". Place some onus on each unit owner who claims under a Strata Insurance policy to pay a reasonable share of the excess for their claim. This will stop small frivolous claims from being made that impact all owners through Premium increases and may encourage owners to better maintain their property.

It should be mandatory for Strata Insurance Companies to inspect the properties they quote on and/or insure at least every 3 years so they know the real condition of the buildings and common property.

Maybe Strata Insurance should be divided into two parts. One cover for Buildings and another for Public Liability. The cover could then be provided by two different insurance companies to encourage more competition. The existing Strata Insurance cover impedes progressive thinking and stifles business opportunities. It's impossible to develop a common area in a Strata property because of the limitations placed on any development by Insurers. In comparison a Motel or caravan park has no such impediments simply because of the different ownership structure. It has nothing to do with additional risks.