

From: Barry Collins [REDACTED]
Sent: Sunday, 4 February 2018 8:54 PM
To: Insurance
Subject: FW: Northern Australia Insurance Inquiry [reply] [SEC=UNCLASSIFIED]_ AMENDED SUBMISSION FOR CONSIDERATION

[REDACTED]

[REDACTED]

[REDACTED]

From: Barry Collins [REDACTED]
Sent: Friday, 19 January 2018 4:02 PM
To: Insurance
Subject: Northern Australia Insurance Inquiry

Dear Sirs,

We refer to the above subject matter and make this submission as an owner of property in Palm Cove, Qld 4879, Far North Qld, (FNQ). We understand submissions will be accepted up until the end of today.

The property concerned is a holiday resort of 129 apartments, operated through a body corporate which manages and maintains the property. The 129 owners are members of the body corporate and pay strata fees and insurance levies.

1. Qld Body Corporate & Community Management legislation requires the Body Corporate to insure the building, (current value \$69M) and have \$10M of public liability cover.
2. Since Cyclone Yasi passed through this region in 2011, we have been unfairly treated and paid a substantial risk premium for insurance cover, this current year the insurance premium paid was \$237,502, nearly 25% of the body corporate operating budget, simply not sustainable.
3. There is no competition as nearly all insurance companies approached will not quote, **see ITEM 1 attached**, from a major insurance broker who attempted to obtain a second quote and was unable to do so.
4. The few insurance companies that will quote for the hospitality industry in FNQ seem to be tied or arranged through a wholesale broker called **xxxxx**, their ASIC registration is provided.
5. **xxxxxx** having tied these 4 or 5 insurance companies to their plan or policy, which means when another insurance broker ask these insurance companies to quote, they say they can't provide terms as they are operating through **xxxxxxx**brokerage.
6. Effectively what this means is there is no competition, as the few insurance companies willing to quote are tied to **████████**
7. In fact the situation is dire as the body corporate attempted to appoint a second broker AON to try and understand what insurance we had and how it could be arranged more cost-effectively. **xxxxxxx** refused to deal with Aon and instead confirmed they would only work with **xxxxx**a second insurance broker, which means 2 sets of commissions for the same product, **See ITEM 2 attached**.
8. In this matter it appeared the insurance intermediaries or insurance brokers have created a cartel and won't let anyone else near and insurance companies also tied and refusing to provide terms.
9. This seems grossly unfair so I contacted the National Insurance Brokers Association, (NIBA) to understand insurance brokers obligations and their reply is attached, **See ITEM 3 attached**. NIBA where not prepared to look at it as **xxxxxx**is a member whereas **xxxxx** not. I conclude that Insurance brokers appear to have little regulatory control hence as in this case the forming of a cartel for insurance business in FNQ
10. Its not easy to get information about existing insurance, I'm still waiting for a premium breakdown.
11. There is no competition so not possible to switch insurers.
12. The only action we can take to reduce risk is to under insure.

These brief details are submitted in the forlorn hope something can be done about this insurance cartel in FNQ. It is suggested that the feasibility of a trust fund be initiated, whereby all insured properties pay their premiums into the

fund and by pass insurance companies and their brokers. As clearly what we have is not working for the benefit of owners but appears to work well in paying large commissions to the myriad of insurance brokers who attach themselves to the only readily available insurance facility for this size of property in FNQ.

Yours faithfully
Barry Collins

This submission is made by Barry Collins [REDACTED] Palm Cove Qld
4879 . There are 3 attachments to this submission

Notice

This e-mail, including any attached files, may contain confidential and privileged information for the sole use of the intended recipient. Any review, use, distribution, or disclosure by others is strictly prohibited. If you are not the intended recipient (or authorized to receive information for the intended recipient), you must not disclose, use, copy or disseminate any part. If you have received this email in error please contact the sender by email and delete the contents received, thank you

Matters to be considered by the inquiry shall include, but not be restricted to:

- *the pricing and availability of insurance to consumers in northern Australia;*
- *the key cost components of insurance pricing in northern Australia and how they have changed over time, particularly catastrophe risk;*
- *the terms and conditions on which insurance is supplied;*
- *the competitiveness of markets for insurance in northern Australia;*
- *the existence and extent of any barriers to entry, expansion and/or exit in the supply of insurance in northern Australia;*
- *any impediments to consumer choice, including transaction costs, a lack of transparent information, or other factors;*
- *identifying any regulatory issues, or market participant behaviour or practices that may not be supporting the development of competitive markets for insurance in northern Australia; and*
- *the profitability of insurers through time and the extent to which profits are, or are expected to be commensurate with risk.*

IMPORTANT: This email from the Australian Competition and Consumer Commission (ACCC), and any attachments to it, may contain information that is confidential and may also be the subject of legal, professional or other privilege. If you are not the intended recipient, you must not review, copy, disseminate, disclose to others or take action in reliance on, any material contained within this email. If you have received this email in error, please let the ACCC know by reply email to the sender informing them of the mistake and delete all copies from your computer system. For the purposes of the Spam Act 2003, this email is authorised by the ACCC www.accc.gov.au

ITEM 1

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

From: [REDACTED]
Sent: Thursday, 7 December 2017 11:35
To: [REDACTED]
Subject: RE: [REDACTED] insurance

Hi [REDACTED]

I appreciate your disappointment as we haven't been able to find a solution at this stage.

Equally I am also disappointed as we are certainly keen to take on your business.

I am still waiting on one insurer to respond with respect to the ISR (Building policy) so whilst things aren't looking great they may still provide an option.

Failing that unfortunately we won't have any available quotations from the insurance market to offer you.

To assist in your understanding of the situation I would like to point out that the insurance market in North Qld. has taken a sudden turn for the worse following Cyclone Debbie but more so arising from the recent Hurricanes in US which we understand will cost the global reinsurers at this stage app.\$150 Billion.

This has put the focus once again on areas such as North Qld. that have a catastrophe exposure.

In the case of [REDACTED] the issue we are facing is that the underwriters we usually work with and have capacity or a desire to quote large ISR for Strata in N.Q. currently participate on the program that [REDACTED] have in place for [REDACTED]

Insurance protocols are that insurers will only quote the holding broker i.e. [REDACTED] and not an attacking broker (in this case [REDACTED])

If they did they would effectively be competing against themselves.

This being the case we don't have any other insurers that can provide a solution via an ISR policy albeit we are waiting on one insurer to respond.

Other than an ISR Policy option there are also a no. of insurers that offer Strata Insurance packages.

We have detailed these below and their position:

Strata Unit Underwriting (SUU)-declined to quote as property is outside their guidelines primarily due to waterfront location.

Longitude Underwriting Agency-declined to as outside of their acceptance criteria QUS Underwriting Agency-do not write in N.Q.

Strata Community Insurance-do not write in N.Q.

Brooklyn Underwriting-too large for their facility CHU-unavailable to [REDACTED] in N.Q.

Some of the above insurers we approached advised us that they had previously received a submission for your property from another broker presumably [REDACTED] and that they had also declined to them prior to our contact.

We are confident that we have canvassed all available markets for Strata in N.Q. so unfortunately unless we receive a favourable response from the remaining insurer we won't have anything to offer.

This has certainly not been without trying so rest assured we would gladly take on your business if a solution was available.

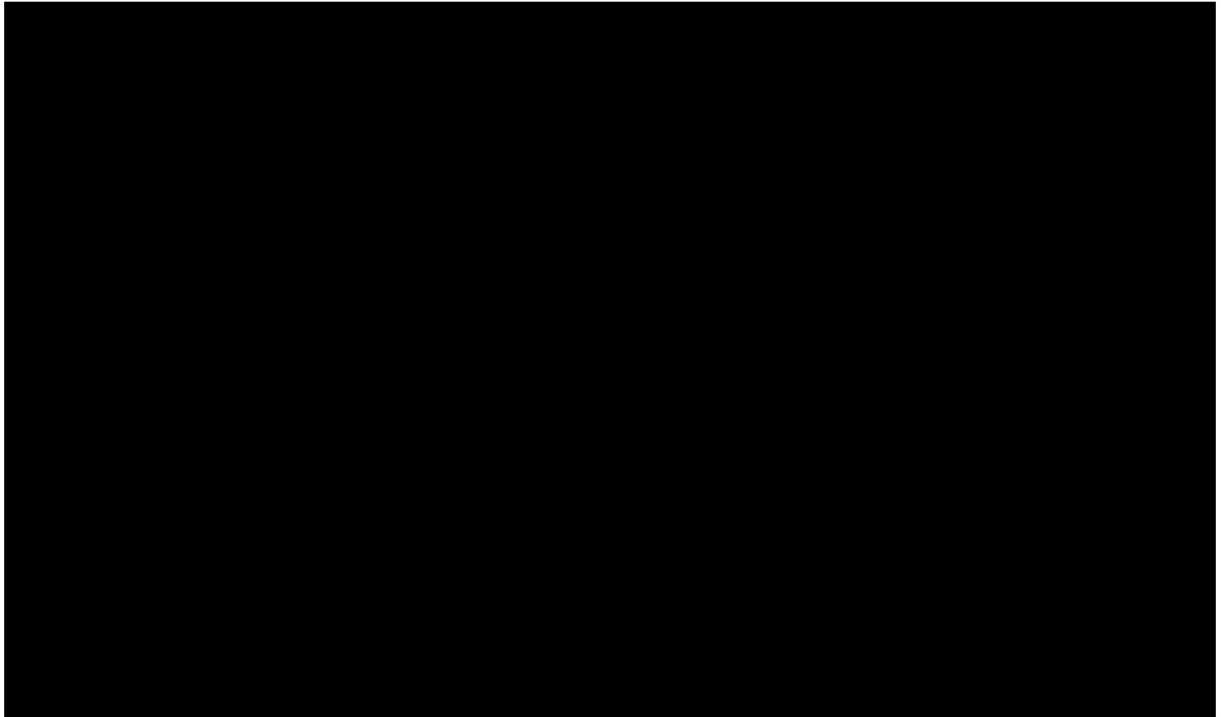
Hope this assists in your understating and will advise ASAP once we hear back from our last underwriter.

Kind Regards

[REDACTED]

We have also included [REDACTED]

Kind regards,



ITEM_3

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

From: Dallas Booth [<mailto:dbooth@niba.com.au>]

Sent: Friday, 15 December 2017 12:49

To: Barry Collins

Subject: RE: NIBA Insurance Code of Practice

Dear Barry,

I have now had the opportunity to review the material submitted with your message below, and I have also had the opportunity to review the message you sent to me on 23 November 2017 and the material attached to that message.

I need to point out that the National Insurance Brokers Association (NIBA) is a voluntary association of insurance broking firms who chose to become members of their national body. Not all insurance broking firms are members of NIBA.

I can also advise that [REDACTED] is not a member of NIBA. The firm is therefore not a member of or subject to the Insurance Brokers Code of Practice.

I note the contents of the letter from [REDACTED] to [REDACTED] dated 4 December 2017. I note the fact that [REDACTED] has sought legal advice and is pursuing legal remedies in accordance with that advice.

My only other suggestion is that if you or [REDACTED] believe there has been a breach of the laws relating to the provision of financial services and advice, that you refer the matter to ASIC. I am sure [REDACTED]'s solicitor will be able to advise you further in relation to this matter.

I am sorry I am not able to be of further assistance on this occasion. We simply have no jurisdiction or authority where an insurance broking firm is not a member of NIBA.

Kind regards,

Dallas Booth
Chief Executive Officer

Direct: + 61 2 9459 4305
Mobile: [REDACTED]
Email: dbooth@niba.com.au

National Insurance Brokers Association of Australia Level 11, 20 Berry Street North Sydney, NSW,
2060 AUSTRALIA
Phone: +61 2 9964 9400
Fax: +61 2 9964 9332
www.niba.com.au