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Submission Northern Australia Insurance Premiums Task Force

1. We have been penalized in North Queensland with ridiculously high premiums compared to southern property owners who live in flood and bush fire areas.

My submission highlights a premium comparison between our home in Airlie Beach and a substantial commercial property we own in Victoria.

2. Insurance companies do not examine Properties when assessing premiums, in particular for liability for age, type of construction relative to the location, building type/cyclone rating, or whether they are subject to inundation or flooding.

Background

In 2009 after the cyclone hit south of Cairns our premium increased by 22% despite little damage occurring in Airlie Beach and no claims by us since 2003 for any weather related claims.

In 2010 again the premium increased by 10% and then after Cyclone Ulni hit Airlie Beach in 2010 our premium soared another 27.5% in 2011 despite only minor claims for that incident on our part. In 2012 there was a further 28% surge in premium, after Cyclone Yasi, which had no material effect on our area of Airlie Beach so we had to make the difficult decision to take away from the insurance company any liability under \$2000.00 but not content with that the following year 2013 we were hit with another 62% surge in our premium after the flooding in Brisbane forcing us again to take away any insurance company liability under \$5000.00.

My submission would like to compare the insurance premiums I pay on another property I own in country Victoria. This property is in a bushfire region so has its own risks.

The premiums for this property which consists of 2 blocks of offices and 8 shops is now comparable to our simple 3 bedroom Airlie Beach home yet has an insured value double that of our Airlie Beach home as the tables below show, in addition to a most reasonable excess.

The Airlie Beach property is Category 3 Cyclone rated, of solid construction and not subject to flooding or inundation yet the premium has risen a whopping 135% since 2008/9 while the Victorian Commercial property at twice the value of the Airlie Beach property has only risen 20% over the same period.

Airlie Beach QLD – 3 bedroom residence on 1 acre block

Year	Premium	Sum Insured	Excess	Comment
2006	\$1,838.97	\$927,900.00	\$200.00	
2007	\$1,903.63	\$1,020,700.00	\$200.00	4% increase on previous year
2008	\$1,906.60	\$1,122,800.00	\$200.00	0.5% increase on previous year
2009	\$2,334.51	\$1,212,800.00	\$200.00	22% increase on previous year
2010	\$2,555.63	\$1,309,800.00	\$200.00	10% increase on previous year

Year	Premium	Sum Insured	Excess	Comment
2011	\$3,262.22	\$1,426,700.00	\$500.00	27.5% increase on previous year
2012	\$4,169.32	\$1,526,600.00	\$500.00	28% increase on previous year Note: from 2006 the premium increase totals 126% with an increase in excess. This was unaffordable so excess increased to \$2000.00
	\$2,628.81	\$1,526,600.00	\$2,000.00	
2013	\$4231.87	\$1,603,000.00	\$2,000.00	62% increase on the previous year, again unaffordable excess increased to \$5000.00
	\$2,669.11	\$1,603,000.00	\$5,000.00	
2014	\$3,028.57	\$1,683,000.00	\$5,000.00	14% increase on previous year
				From 2009 to 2014 the total increase in premiums has exceeded 135% with out the increases in excess on the policy

Commercial Property in Rural Victoria comprising 12 premises of shops & offices

Woodend, Victoria

Year	Premium	Sum Insured	Excess	Comment
2009	\$3,804.85	\$2,300,000.00	\$200.00	
2010	\$4,168.12	\$2,350,000.00	\$200.00	9.4% increase on previous year
2011	\$4,675.85	\$2,470,000.00	\$200.00	11.5% increase on previous year
2012	\$4,828.58	\$2,550,000.00	\$200.00	3.7% increase on previous year
2013	\$4,635.94	\$2,650,000.00	\$200.00	3.8% decrease on previous year
2014	\$4,590.90	\$2,900,000.00	\$200.00	1.4% decrease on previous year This policy additionally includes business interruption of in excess of \$200,000.00 per annum
				From 2009 to 2014 the total increase in premiums has been 20%

Conclusion

The increase in premiums for properties in North Queensland has placed normal insurance without very substantial excesses out of the realm of affordability for most homes and highlights how insurance Australia wide is not being equitably shared.