

**Cyclone Reinsurance Pool Taskforce.
Federal Treasury Submissions 2021
Townsville Lot Owners Group**

Date: 17th June 2021

Manager
Cyclone Reinsurance Pool Taskforce
Treasury
Langton Cres
Parkes ACT 2600

Submitted by Email ReinsurancePool@treasury.gov.au

Re: Cyclone Reinsurance Pool Taskforce – Strata specific submission¹

Dear Sir/Madam

Thank you for inviting submissions to the Cyclone Reinsurance Pool Taskforce (**CR IPT**).

The Townsville Lot Owners Group, represent a tax invoice collection of 69 strata insured buildings, worth around \$1.4 billion sum insured value that contain some 2,400 residents. Please read our attached supplementary Document-B² which was sent to the Queensland Body Corporate Community Management Commissioner (**BCCM**) detailing our regulator fix recommendations for the failed North Queensland (**NQ**) “Strata” Insurance market and outlines a welcome position for the Australian Reinsurance Pool Corporation (**ARPC**).

We believe the CR IPT ARPC reinsurance proposal for cyclonic Australia has huge upside. Our submission utilises the ARPC protection to become the cyclone sinking fund bank and our BCCM becomes our cyclone insurance market operator. All strata cyclone sinking funds deposited with the ARPC will be then safe from sovereign risk, deliver towards full replacement cover and make the ARPC fund and financing 100% cost neutral because all funds contributed will be the new cyclone self-insured sinking fund logical alternative to those strata funds that are currently obliged to be consumed by traditional insurance cyclone “excess” and “special excess” policy loadings.

Our proposal is designed to remove the painful unregulated optional cyclone insurance choice from the incumbent Northern Australia (**NA**) insurers. Doing so will provide risk relief to the insurers and premium pricing relief to the strata insured. The insurers have imposed strata cyclone cover since 2009 and have completely mismanaged it for well over a decade. Now is the right time for the NA cyclone insurance market to change and the ARPC is a most welcome timely suitor.

Our NQ CR IPT ARPC reinsurance pool design submission here is cyclone risk based on our 25-year NA strata cyclone claims study that can be beneficially summarised for the proposed ARPC strata cyclone insured as follows.

¹ E&OE, the information contained in this submission has been obtained from various public internet sources. The Townsville Lot Owners Group is a community service volunteer group that cannot be held responsible for errors and omissions. The reader must exercise their own diligence and not rely on the facts and figures contained in this report.

² Document-B Townsville Apartments Owners Briefing. North Queensland Apartments Insurance Review dated 20/5/2021.

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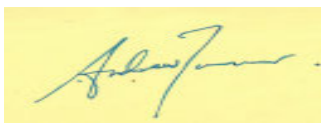
- Exposes the ARPC to a Cyclone / Flood event strata damage risk bill potential of \$5.2 million pa and factors in a “black swan” major city CBD cyclone hit proven probability of one every 50 years.
- Reduces the incumbent NA insurers natural peril disaster risks by 80%
- Increase the incumbent NA strata insurers profit from 14% to 44%
- Reduce the NA Strata insured premiums by 60%³
- Removes all insurance competition barriers in NA.
- Eliminates all policy cyclone “Excess” requirements.
- Eliminates all cyclone reinsurance costs.
- Reconnects NA Strata insurance equally with the Rest of Australia (ROA)⁴ Strata insurance.
- Achieves real time insured accuracy and compliance monitoring.
- Start as early as January 2022 with a BCCM and ARPC JV⁵.

We have attached 14 appendix items to help unwind the insurance media misconceptions that NA and NQ are bad places to insure homes.

Thanking you in anticipation for your time and consideration here. We trust your CRIPT project can deliver the NA and NQ strata community insurance relief and protections. We believe the CRIPT project has huge potential to motivate and reignite the impaired economic climate we have to contend with up here.

And again, thank you for enabling the NA & NQ Strata insured consumer volunteers and lot owners to contribute CRIPT solutions for addressing the current cyclone mismanaged insurance products that are so economically damaging to the insured future of NA and NQ.

Yours faithfully



Andrew Turnour
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³ For AIF=5.2. **Affordability Insurance Factor** (AIF) = ACCC premium per \$1000 sum insured value = 1000 x \$premium divided by the \$ Building Insured Valuation. (BIV) - use to compare a buildings insurance affordability as all buildings are normalized nationally using this method, where the insured property Risk buy premium is divided by the Insured Risk pay out Liability.

⁴ ROA = ACCC term, rest of Australia denotes all insured below the “Rockhampton Line”. NA & NQ are above.

⁵ There are only 6,610 NQ strata policies to activate.

Summary.

1. Most of the data and numbers we present in this submission are extracted from the recent ACCC Northern Australia Insurance Inquiry – final report 2020 (ACCC) We do not agree with some of their numbers as our strata consumers paid tax invoice body of evidence allows us to challenge ACCC data with confidence. We trust the CRIPT project will fact check all numbers presented to ensure we get this CRIPT opportunity right.
2. We ask the CRIPT project team to contemplate “**evidenced**” based premium data rather than “**predictive**” future modelled premium data, as the last 25 years strata insurance claims and premiums history has proven the insurance predicted premiums for natural disasters has been very wrong and defied all-natural disaster increase predictions promoted by the insurers in NA.
3. There are 340,601 Strata buildings in Australia, home to some 2.8 million people and have a collective building insured valuation (**BIV**) of \$1.117 trillion⁶.
4. NA has 9,013 Strata buildings worth \$34 billion BIV. NQ has estimated 6,610 strata buildings worth an estimated \$27 billion and are home to some 60,000 residents and voters.
5. The ACCC reported to Government that the average NQ strata building insurance premium price is \$6,800⁷ for the 6,610 NQ strata policies that deliver \$45 million pa in gross premiums at an average premium per \$1000 sum insured NQ **AIF**⁸=2.7⁹. The southern 330,000 ROA strata communities pay an average strata insurance of \$3,300 at an AIF=1.0. Our Townsville case study data delivers an averaged AIF of 5.2 and our worst-case insurance gouging exists with tax invoice evidence of an AIF=49.1
6. For the last 25 years federal government treasury strata cyclone damage records report only \$131 million in strata cyclone damage has occurred from 243 named cyclones for the period. This averages out at \$5.2 million pa which is a minute 3% of the national Homes + Contents + Strata (**H+C+S**) insurance cyclone claims of \$4,124 million.
7. The ACCC reported that for the decade 2008-2018 there was only 500 strata cyclone (50 pa) claims totalling \$17.9 million damage which is **0.05%** of the national H+C+S insurance “all products” claims of \$36,072 million for the same period¹⁰. The ACCC has now proven that strata buildings are an exceptionally low cyclone insurance damage event risk.
8. **Anecdotal:** Fire can destroy a building; Cyclone will only damage a strata building. Since 1997 we and we believe our BCCM do not know of any NQ strata building

⁶ Appendix-A

⁷ Appendix-K

⁸ AIF = **Affordability insurance Factor** = ACCC average premium for \$1000 sum insured – ACCC Fig-3.33

⁹ A14.6.p83 – ACCC Figure 3.33: Average premium per \$1,000 sum insured for strata insurance, 2007–2018.

¹⁰ Appendix-I: Home and Contents and Strata H+C+S total claims history 20080-2018

damaged so much by a cyclone event that the whole building required a full replacement insurance claim.

9. Our proposed ARPC NA strata cyclone sinking fund self-insurance pool needs around \$30 million strata funds to be contributed annually for the first five years¹¹ to ensure enough deposited cyclone sinking funds exist to eliminate all current insurance cyclone excess obligations¹². Should a “black swan” cyclone event hit a NA strata cluster, the strata cyclone sinking fund can draw deposited funds held on ARPC account. And if additional repair funds are needed, they can be borrowed on loan from the ARPC in accordance with the existing BCCM insurance regulation [188(5)]¹³. Making the ARPC a cost neutral cyclone protection bank without requirement for reinsurance services.
10. Most existing strata insurance policies we have seen do not offer BCCM compliant full replacement value (**FRV**), they offer only portion or capped sum insured value (**SIV**) much lower than the BCCM specified FRV, yet Cyclone cover is not a prescribed insurance and therefore insurers can offer only partial SIV without regulatory penalty. And Insurers have further reduced their cyclone risk exposure by imposing huge cyclone special excess conditions in the policies where in many cases the cyclone special excess is more than the entire policy premium¹⁴.
11. We believe,
 - a. No strata building in NQ and NA has cyclone FRV.
 - b. That every cyclone cover in NQ and NA is SIV
 - c. All cyclone “excess” and “special excess” policy loadings are actually insurer-imposed strata self-insurance profit protection portions that insurers do not want.
 - d. Changing insurer cyclone excess obligations to a proposed ARPC Cyclone Sinking Fund with BCCM oversight will solve the cyclone SIV premium abuse that occurs today and delivers no financial risk to the ARPC in any format. It is not reinsurance but self-insurance SIV format that strata’s require from the ARPC.
 - e. Should any strata require FRV cyclone cover insurance, then they have their AGM freedom to procure a cyclone “clean skin” FRV or SIV product on the open general insurance market along with optional insurance products such as Office bearers, Fidelity, Volunteer workers and the like,

¹¹ Five years here is a variable but was chosen as a nominal amount goal to be achieved after five years would be enough to replace a damaged roof system in a black swan cyclone event. JCU-Cyclone Research may have much better data of what fails most under cyclone events on Strata buildings. Such data would enable sinking fund self-insurance funds to align their savings “excess” plan with the prime failure component repairs. And enable such a failure prone component(s) to be serviced using sinking funds and mitigation funds with AGM management to reduce the risk and the required “excess” funds in ARPC storage.

¹² Appendix-N

¹³ Appendix-C

¹⁴ We have evidence of numerous Townsville policies where cyclone excess exceeds \$200,000 and some at \$500,000.

12. Our BCCM must become involved with the ARPC cyclone insured program as will require the BCCM legislative and regulatory blessing for NQ strata to engage with the ARPC. Our BCCM by endorsing a JV with the ARPC cyclone insurance fund will enable the BCCM to stimulate new strata housing and economic growth in NQ.
13. Strata NQ are lucky in that the current fifteen BCCM insurance regulations. The BCCM has prescribed only ten damage events and require 3 insurance products¹⁵ to cover body corporate strata insurance requirements that insurers do provide in Southeast Queensland and to the ROA at an AIF=1 and obtain proven Gross Loss Ratio of 56% delivering a gross profit margin of 44% and shared amongst plentiful strata competition.
14. The BCCM must form a joint venture (**JV**) type of arrangement with the ARPC in order for non-prescribed cyclone and flood SIV sinking fund protection cover to be established where the BCCM becomes the Cyclone Insurance market operator/regulator, the ARPC provides the deposited sinking fund self-insured funds protection and can provide additional “urgent” repair funding should a “black swan” strata cyclone damages event occur.
15. In summary the BCCM is the operator, the ARPC is the banker and the Strata insured are the fully subscribed cyclone sinking fund self-insured members.
16. The incumbent insurers will have then cleared the entire cyclone natural peril cyclone risk stench off their books and can then offer risk reduced competitive strata insurance in NQ and NA at the decade long ACCC proven national affordability insurance factor of AIF-1.0¹⁶
17. A ten-year trial period is required to allow the proposed BCCM cyclone insurance market operator enough time to have collected enough cyclone insurance premiums, claims and postcode details to advise on the continuation or separation from the ARPC cyclone insurance protection program.
18. We believe the ARPC will work extremely well for NQ strata communities. And depends on our BCCM and ARPC forming a cohesive integrated JV where the ARPC becomes the strata cyclone sinking fund banker and the BCCM is the cyclone strata claims and premiums regulator and program performance monitor.

Introduction:

19. The root cause of the NA & NQ strata insurance market failure is the lack of transparency and clarity in the often-used strata consumer cry! **“How can strata premium prices keep increasing when the insured risks have not changed in a decade”?**. And begs the question *“Is there a government regulator for strata home insurance price control?”*
20. Our submission here is strata insurance focused only. This distinction is required as so many confuse the fact that Community Titles Scheme (**CTS**) strata insurance is mandatory and regulated whereas Home (House) and Contents Insurance is an

¹⁵ Appendix-C

¹⁶ A14.9.p893 – ACCC Figure 3.33: Average premium per \$1,000 sum insured for strata insurance, 2007-2019

optional affordability choice. The NDIR¹⁷ went as far as saying strata insurance is not home insurance and our BCCM strata insurance regulator is now aware of this terminology problem.¹⁸

21. The ARPC cyclone reinsurance consultation paper is a most welcome opportunity to solve the decade long NA strata insurance market failure. For the first time the BCCM regulator can take back control of the NQ strata insured market and protect and service its tens of thousands of strata insured communities and volunteers.
22. The ACCC Northern Australia Insurance Inquiry 2020 (**ACCC**) report there are 9,013 strata buildings in NA above the “Rockhampton Line”¹⁹. Queensland has the largest portion of 6,610 strata buildings (60,000 residents).
23. Your CRIPT consultation paper is timely and most welcome. You may have read in the ACCC report that Insurance companies south of the Rockhampton Line insure nationally some 330,000 strata body corporates and do so with a national affordability factor of AIF=1 and obtain a national healthy 44% profit margin from their Gross Loss Ratio (GLR) = 56%²⁰.
24. The NA strata insured have been unfairly singled out as are unfairly purported as having more natural peril risks²¹ than the rest of Australia (**ROA**). The Insurers are punishing NA with an average affordability AIF= 5.2²², which is five times the national strata building insured average. Yet the natural disaster misinformation promoted by the insurers, when fact checked indicates NSW alone has ten times²³ the disaster events than occur in NA from cyclone and flood. Southeast Queensland and NSW have more hail damage events than what incur in NA cyclone damage²⁴. Historically most cyclones are named in NA, drift south and flood mutate and cause more damage and losses below the Rockhampton line²⁵. All these southern natural peril disaster losses are accommodated in the decade long established profitable insurance premiums “stack”²⁶ set for ROA strata buildings with an average ACCC reported AIF=1
25. The ARPC we read is to be the assigned fund manager for the cyclone reinsurance planned program. We propose that all NA strata buildings should create a cyclone self-insurance sinking fund account with the ARPC. The current cyclone policy “special excesses” are the existing insurer controls over strata premiums to manage cyclone risk in the insurers favour. This excess obligation must be met to obtain SIV insurance

¹⁷ A35.14.para4.13 Natural Disaster Insurance Review Inquiry into flood insurance and related matters September 2011. Ie. Home insurance is personal insurance and Strata insurance is commercial insurance.

¹⁸ Supplementary Document-B (and in a 2021 cover letter) explains the Qld Body Corporate Community Management Commissioner has been 2021 asked to fix the definition of Strata Insurance and its application to apply within the Queensland Community Titles Scheme.

¹⁹ A14.6.p33 – ACCC Rockhampton Line definition – where some insurance companies will not insure posts codes above this line.

²⁰ A14.6.p144 – ACCC the 12-year average gross loss ratio for strata insurance is 56% in the ROA.

²¹ Appendix-D + F + G + H + J & M

²² AIF – 5.2 is an average for Townsville, and can be extended to NQ and NA. We report AIF=5.2 is an average and we have many NA AIFs that far exceed this value and worst-case outlier is AIF=49 for a building in Townsville.

²³ Appendix-F: Department of Home Affairs – Disaster Assist info

²⁴ Appendix-G: Australian Disasters Cyclone versus Hailstorms.

²⁵ Appendix-H: Northern Australian name cyclone causes Southern Australian floods

²⁶ Appendix-L: Insurance Premiums design “Stack”

cover. By having a ARPC cyclone sinking fund removed far from insurer finger tips, allows the strata to provide self-funded SIV cyclone protection and self-determination of repairs when required. The additional benefit of keeping natural peril insurance money banked in Australia rather than going overseas to non BCCM compliant ISR insurance syndicates, which we do not like as they do not provide ASIC compliance, nor PDS nor KFS documentations. One ISR FSG²⁷ we read does caution strata ISR purchasers on the existence of sovereign risk if they purchase the ISR²⁸ product. Having a ARPC banked cyclone reinsurance cover eliminates this sovereign risk and BCCM dilemma²⁹.

26. We believe that ARPC should receive strata cyclone sinking fund self-insurance deposits of 0.1% or 1000th of a strata \$ BIV that become the strata's annual ARPC cyclone sinking fund deposit premium, devoid of GST, Stamp Duty and all insurer fees and commissions. The cyclone sinking fund should be invoiced by the BCCM to all its 6,610 strata buildings members, who collectively make some \$27 billion BIV that would deliver an estimated \$27 million to the ARPC cyclone sinking fund banker pa.
27. By removing the disliked Natural Perils Cyclone risk from the insurers will reduce their risks exposure and bring NA strata insurance into line with the ROA AIF=1.0. Doing this will also invite much more competition and ween Australian strata off risky overseas foreign ISR insurance policies.

Premiums and Claims

28. NA strata buildings are Treasury proven to be incredibly low risk when subject to NA natural disasters. The ACCC in 2020 and the Northern Insurance Premiums Taskforce (**NAIPT**) of 2015 both concluded that strata insured cyclone and flood claims are less than 3% of the national H+C+S cyclone natural disaster claims for the last 25 years. But the NA strata insured pay around 10% of the national strata premiums and pay more than five times the GST and Stamp duties that the strata insured south of the Rockhampton line are paying. NA strata insurance is very, very expensive when compared with the ROA strata paid premiums.
29. Cyclone, theft, flood, storm surge are not amongst the 10 specified prescribed strata insurable damage events in BCCM Queensland. Some insurers have reduced their risks by denying cover for such or capping damages well below full replacement value. The cyclone insurance cover gaming occurs when strata insured cannot have a prescribed insurance offer unless they have imposed, Third Line Forcing³⁰ condition that to get prescribed insurance cover they must have unprescribed cyclone insurance with oi most cases huge special excess cyclone cover with a *take it or leave it* blessing.

²⁷ FSG = Financial Services Guide – ASIC stipulated

²⁸ The ACCC reports ISR strata insurance as insurance of "last resort" and the BCCM allows such a risky product to be sold to its regulated strata community.

²⁹ The ACCC reports ISR strata insurance as insurance of "last resort" and the BCCM allows such a risky product to be sold to its regulated strata community.

³⁰ Google it.

30. Many policies have been witnessed where the cyclone special excess or excess conditions are set at pricing levels that exceed the entire insurance tax invoiced amount. These policy excessive “excess” terms and conditions then form an insurer-imposed strata self-insurance product that the insurers do not want and will force strata to commit to buy. This “excess” abuse funding is what the strata insured want to now take off the table and deposit in an alternative format as “cyclone self-insured funds”. Funds to be held in a proposed ARPC BCCM approved secured cyclone sinking fund. These funds accumulate annually and are then available as a SIV resource to repair cyclone damage whenever such an event should occur. Note Strata buildings have achieved 25-year damage results that allow regulators to consider strata buildings as nearly cyclone disaster proof.
31. Any strata cyclone claims are to be made by application to the BCCM who should become the cyclone claims regulator. Who can authorised APRC payment to the strata per the current BCCM insurance regulations. Claims can be paid out in cash to committee or in a works tender format to the community repair and restoration contractors. This will form a BCCM claims cost control monitor on possible gold-plated FIFO contractor repair and restoration pricing processes made at the time of community cyclone disaster distress.
32. Claims are paid from the ARPC cyclone sinking fund. Once exhausted then application for ARPC loan can be applied for and repaid under special body corporate levy arrangement per BCCM clause [188.(5)]
33. Mitigation activities. The benefits of mitigation investment are numerous, yet today most NA strata cannot spend on mitigation activities as most strata funds have been consumed by historic insurance premium gouging that has left most strata communities barren of funds to invest in beneficial mitigations programs. These mitigation programmes are stalled until the BCCM has fixed the strata insurance crisis in NQ. Once fixed strata co funded mitigation programs could consider \$1.00 for \$1.00 programs coordinated by the BCCM. Direct mitigation benefits can be then BCCM measured and monitored and tracked back to the strata specific mitigation investment and cyclone premium effectiveness program.
34. **Mitigation Access**, Mitigation funds access could be drawn from the ARPC cyclone sinking fund after five years or conditional beforehand. Strata committees can AGM decide on their mitigation spending plans and obtain BCCM (and possible JCU³¹) endorsement to proceed. Advance precaution mitigation works should deliver improved building damage resilience before the next cyclone occurrence. This proactive resilience mitigation could benefit not only the strata title owners, but local, state and federal government clean up and recovery spending that is currently promoted by the **APRA** 2019 media statement in box below.
- 35.

³¹ JCU – James Cook University – Cyclone Research Centre – Strata Title Building resilience program or equivalent.

“Hundreds of millions of dollars each year are spent on disaster funding but about 97 per cent goes towards clean-up and recovery , with only 3 per cent directed to mitigation and prevention. Addressing this imbalance will save money by reducing the physical loss and economic disruption caused by storms, floods, cyclones and bushfires.”

The Goal:

36. Our Prime Minister made a press release 3rd May 2021 where he said that “*NA Residents will be offered more affordable and accessible home and business insurance thanks to the establishment of a reinsurance pool by the Morrison Government*”.
37. Our Goal is to get all NQ and NA strata insurance premiums equal to the fair ROA AIF=1.0. The proposed CRIPT ARPC cyclone reinsure plan is the key. At this point we make the distinction here that we do not require reinsurance funding, we only require cyclone sinking fund self-insurance funds protection that will allow all strata to eliminate the huge, imposed cyclone premium excess terms and conditions that caused the original strata insurance crisis ten years ago.
38. The ACCC and NAIPT strata insurance cyclones claims history since 1995 provides the BCCM with verifiable low risk cyclone damage evidence that the BCCM strata community can easily afford and benefit from low cost sinking fund self-insurance that incorporates BCCM oversight and ARPC protections.
39. From our studies, please find our NA strata market profile data. We trust you have access to better quality data and fact check our data presented here.
- Total Australia H+C+S ^{32&33} Insurance claims were \$36,072 million for the decade **2008-2018**.
 - The BOM³⁴ reports 89 named cyclones in this period.
 - Total Australian Cyclone Insurance related claims were \$1,700 million (5%)
Total NA Strata Cyclone Insurance related claims were \$17.9 million (0.05%)
Total Australian Flood Insurance related claims were \$1,820 million (5%)
Total NA Strata Flood Insurance related claims were \$7.0 million (0.02%)
 - For the period **1995-2015**, BOM reports 202 named cyclones.
 - 67 cyclones caused no ICA³⁵ rated loss damage³⁶.
 - Total Australian Cyclone Insurance related claims were \$2,441 million
Total NA Strata Cyclone Insurance related claims were \$112.88 million (4.6%)
(Total House and Contents Cyclone claims were 95.4%)

³² ACCC-2020 final report Home + Contents and Strata Insurance claims Figures 5.15 & 5.14 & 16.18 & 16.19

³³ Appendix-I

³⁴ BOM Australian Bureau of Meteorology website – cyclones history

³⁵ ICA = Insurance Council of Australia.

³⁶ A36.0. Treasury 2015 Northern Australia Insurance Premiums Taskforce Table-B.1 and B.2

Table-14.C: Northern Australia Strata Cyclone Claims History			
Ref-1 A14.6 ACCC Fig-5.14 & 5.15 and 16.18	1995-2015	2080 -2018	1995-2018
Ref-2= NAIPT 2015 Inquiry Finity Table-3.3	million	million	million
all Northern Australia Strata Claims	\$ 113	\$ 18	\$ 131
Australia Home Contents & Strata Claims	\$ 2,442	\$ 1,700	\$ 4,142
	NA/Australia	5%	1%
			3%
\$131 million damages spend in 25 years = \$5.2 million pa			

40. From 1995 to 2020 there has been 243 BOM named cyclones that caused \$130 million³⁷ damage to CTS strata insured buildings. This equates to \$5.2 million pa for cyclone damage.
41. The ACCC reported³⁸ the 2019 average strata premium was \$6,800 in North Qld. We disagree with this \$6,800 value and believe it is more than \$17,600 per strata building insured as Appendix-K report a Townsville average 2011 strata insurance back then was \$48,211, which is off scale to what the ACCC had reported in 2020. Therefore, their NQ AIF of 2.6³⁹ is wrong and has undervalued the reality of true strata premium crisis costs in NQ.

Nervous Uncertain Insurers

42. The NA insurance community have for the last two decades predicted and published cyclone natural peril insurance is high risk. Time has now proven in most cases they have got their numbers wrong for the strata insured. It is now time to stop modelling and predicting and use the strata cyclone damages claims history since 1995 and make “**evidenced**” based” low-cost premiums rather than “**predicted**” grossly inflated uncertainty based premiums.
43. ACCC page 106 report “*The impact of natural perils on premiums in NA Expected natural perils claims are a key component of technical premiums, and the reason that retail premiums are higher in northern Australia than in the rest of Australia. Cyclone risk is the largest contributor to peril premium components*”.
44. ACCC report per page 114. Box 4.1 The unsure Insurers in NA.
- a. **Box 4.1: *Uncertainty*** around retail premium calculation *In late 2018, an internal document from one insurer described issues with its pricing processes as follows: ‘There is a lack of transparency as to how technical peril rates influence the final customer premiums. As part of a recent project, the [internal business unit] has tried to map out much of this pricing process. This mapping shows a complex path of*

³⁷ A14.6 ACCC 2020 report and NAIPT 2015 Report

³⁸ Appendix-K

³⁹ A14.8.ACCC Figure 3.32 and 3.33

data and assumptions across many sets of hands in CFO and [internal business units]. There is sometimes confusion around the data being transferred between [internal business units] and some areas of the business have not used the best available peril rates. So, while changes to cyclone technical rates have been proposed, there is no guarantee that these rates will work their way into final customer premiums until these structural and potentially efficiency issues are resolved.’ In other documents the insurer described its pricing process as follows, ‘The current pricing process is complex, involves many touchpoints/hand-offs across teams and has high degree of variation in how we manage pricing for the same risk across brands’.

45. ACCC words of doom! ACCC page 112 *Similarly, another insurer has commented in a board paper that ‘in the medium to long term, persistent increases in pricing in response to climate related factors may result in affordability issues for some market segments.’ Another of the insurers also indicated that over the longer term, the technical price of insurance will increase **beyond mass-market affordable** levels.*

46. The ACCC – claims loss quality records examples.

- a. Reported⁴⁰ Airlie Beach near direct hit 2017 Cyclone Debbie had 9,261 H+C+S⁴¹ claims and cost \$277 million. (Strata cyclone damage reported was \$12.7 million total). Appendix-M Cyclone Debbie media cost loss listing differs with the ACCC cost loss position listed here.
- b. Reported ⁴² Townsville 2019 Monsoon Floods direct hit. This was a 1 in 500-year direct hit flood event which caused 6,577 H+C+S claims that cost \$249 million. (Strata damage not reported) Appendix-D Townsville floods media cost loss listing differs with the ACCC cost position listed here.
- c. The two above natural peril disaster events demonstrate not every natural peril disaster event is a billion-dollar claims event, and these two above examples made national news and internet reports as billion-dollar disaster events. We must be cautious of any claim event damage numbers. We believe they are traditionally exaggerated as cannot be third party verified unless tedious claims history studies are undertaken. Hence this is a “trust” dependence on who is making the damage loss announcements.

Conclusion.

47. The 2021 strata insurance crisis of NA is a consequence of the “trust failure” breach of the “utmost good faith” provision of the national General Insurance Code of Practice. This failure has created this Federal CRIPT project as a vital attempt to repair the failed strata insurance market of NA by removing the cyclone natural perils disaster risk unwanted, historically despised and poisoned by the insurers. Many insurers left the

⁴⁰ A14.6.p 241 – ACCC Airlie Beach 2017 Cyclone Debbie natural peril disaster event.

⁴¹ H+C+S = Homes + Contents + Strata – general insurance grouping

⁴² A14.6.p235 – ACCC Townsville 2019 Floods natural peril disaster event.

NA strata marketplace over the last decade as home strata insurance risk was “too hot” in the cyclone kitchen and “too cold” in the cyclone profit larder.

48. The CRIPT ARPC cyclone reinsurance project can benefit all participants and easily integrate into our BCCM strata insurance regulations if the BCCM desire is there to make it work. We trust our BCCM will wisely use this CRIPT opportunity to deliver strata insurance pain relief in Northern Australia and restart the NQ strata housing market⁴³ and regional economy that has suffered for so long.
49. Understanding our NQ strata Insurance statistics is difficult as are so often such statistics are blurred and merged in Housing and Contents insurance premiums and claims reports, strata insurance visibility is poor at state and federal level. We need our BCCM to obtain all future strata insurance records, both prescribed insurance and cyclone insurance and perform annual compliance testing of all policies with the BCCM act and regulations. This sets the stage to accommodate effective reporting of ARPC cyclone sinking fund performance. Having all strata insurance records under BCCM control will ensure precise and transparent picture and policies to be available to all NQ strata participants to wisely develop the insured strata housing economic future of North Queensland and Northern Australia.
50. In summary the NA cyclone insurers are struggling and have been at it for a decade and they have not resolved the NA strata insurance failure with affordable strata insurance. By taking non BCCM prescribed cyclone insurance off the insurers will now provide the insurers with much needed risk relief. It will also empower the strata lot owners improved cyclone risk management as they can then AGM decide which cyclone risks and level of risk protections, they require. This risk transfer allows the defunct insurers huge “special excess” cyclone fund obligations to be now converted into ARPC cyclone sinking fund commitments that better serves the individual strata communities and the local, state and federal government bodies and finally solves the decade long strata insurance crisis of NA.

⁴³ A23.3 – LNP report 87% decline in units (strata) building approvals in Townsville since 2014.

List of consultation questions

Reinsurance pool coverage

Question-1. How should 'cyclone' and 'cyclone-related flooding' be defined for the purposes of defining the reinsurance pool's coverage?

- a. We believe cyclones are measured in three ways and classified two ways.
 - i. Visual, normally by satellite
 - ii. Barometric pressure.⁴⁴
 - iii. Wind speed.
 - iv. Classified as severe or non-severe.
- b. The measurement conclusions then enable an official (who?) to make the national "decision" if a cyclone event is occurring or not. Government should own the "cyclone" event decision, as this triggers all insurance policies, behaviours, and relevant claims.
- c. **Cyclone Damage Boundary Limit – fixed or floating?** The damage inflicted territory, the claims zone boundaries could be specified each event or left fixed at 200km event damages radius based on empirical⁴⁵ cyclone path evidence. Boundaries required to control and qualify or disqualify "cyclone" claims.

Question-2. Should storm surge be covered by the pool and included in a definition of 'cyclone-related flooding'?

- a. Storm surge can only be created by a wind event. No Cyclone no Storm Surge. Faster the wind speed, the lower the barometric pressure the greater probability of storm surge occurrence.
- b. Yes. Storm surge should be a consequential part of cyclone flooding damage. This question requires BOM data on precisely how many Storm Surges have occurred and where in the last two decades to enable CRIPT designed to determine probability and consequences. Only three storm surges are on record since 1899. The last recorded Qld storm surge was in Townsville in 1971 @ 2.8 meters.

Question-3. Is it desirable for the use of standard definitions of 'cyclone' and 'cyclone-related flooding' to be required in policies covered by the pool?

⁴⁴ Appendix-J: BOM severe cyclone central pressure is less than 960.hPa.

⁴⁵ Empirically, there should be enough claims data of cyclone damages since Cyclone Larry (2006) that can enable design of the cyclone damage path. Cyclone Yasi, Marcia, Oswald et al and Cyclone Debbie occurred more than

- a. Yes, make it a prescribed condition, so that future insurance policy “innovative” words cannot dilute the intent and application of the word cyclone.
- b. Preserve the traditional practice, a cyclone becomes a cyclone when it is BOM “named’ practice should still suffice.

Question-4. Are there any difficulties which may arise from including home building, home contents, or residential strata policies in the reinsurance pool and how should the scope of this coverage be clarified?

- a. No difficulties for Strata scoped specific “**cyclone cover**” is foreseen.
- b. Home building not discussed in this submission.
- c. Home contents not discussed in this submission as not strata prescribed.
- d. **Strata Insurance** non prescribed optional Cyclone and Cyclone flood related insurance cover can be easily accommodated into the CRIPT design. There are 9,013 strata buildings in NA, BCCM specify only three insurance products that NQ strata must have to be insured in Queensland.⁴⁶
 - i. [187]⁴⁷ Common Property and Assets (CPA)
 - ii. [188] Building Replacement Value (BIV)
 - iii. [193] Public Risk \$10 million
- e. These three mandatory Strata products are not for CRIPT concern nor cover as they remain with the incumbent NA insurers under BCCM controls.
- f. Only Cyclone scoped cover is required and is triggered and defined once a cyclone is named. The Qld BCCM must ensure Cyclone Cover and ARPC are legislated in the strata insurance regulations that 100% of NQ Strata properties “must” have a Cyclone Cover sum insured value (SIV) to the value of 0.01% of their current Building Insured Valuation (BIV) and banked with the ARPC in form of a Cyclone Sinking Fund premium⁴⁸.

Small Business

Question-5. Are insurers able to separately price or estimate the value of the property component of business insurance packages?

⁴⁶ Appendix-C:

⁴⁷ The square bracket numbers are the BCCM relevant insurance regulations Accommodation Module.

⁴⁸ Appendix-E:

- i. Yes, conditional only for Qld BCCM regulated CMS⁴⁹ CTS strata listed properties which have Strata Building Insured Valuations (BIV) done every five years per existing BCCM clause [147].⁵⁰
- ii. Non strata commercial properties could obtain BIV surveys in order to obtain an agreed valuation of **sum insured** or **full replacement** cover and to prevent underinsurance and insurance averaging complications.

Question-6. Are insurers able to separately price or estimate the value of the residential and small business components of mixed-use strata title policies?

- i. Yes, for strata buildings.
- ii. the community titles small business resident/owners are subject to the following mandatory BCCM Commercial Module insurance regulations.
 - 1. [144]⁵¹ Common Property and Assets (CPA)
 - 2. [145] Building replacement value and
 - 3. [153] Public Risk \$10 million

Question-7. Are there any difficulties which may arise from including mixed-use strata title policies in the reinsurance pool and how should the scope of this coverage be clarified?

- i. There are no foreseen difficulties foreseen in mix used strata titles, all title portions are defined per lot owner and insured accordingly. Strata lot use applications and controls are very descriptive in the 15 BCCM insurance regulations.
- ii. The CRIPT product must be **integrated** by the BCCM into the regulations to ensure lot owner title portions remain as designed per the strata building AGM and BCCM insurance controls remains as is. In case of a cyclone event, not all lots may be damaged, so insurance claims require delicate decision-making application in mixed use strata buildings and the decision making application has BCCM oversight already in place to ensure law and order is preserved for a cyclone claim(s).
- iii.

⁴⁹ CMS = BCCM Community Management Statement issued by Queensland Property Titles Office

⁵⁰ The Queensland Body Corporate and Community Management (**Commercial Module**) Regulation 2020 Chapter 8 Property management 2020⁵⁰ Chapter 8 Property management Part 6 Insurance—Act, section 189

⁵¹ The square bracket numbers are the BCCM relevant insurance regulations commercial module.

- Question-8. How should 'small businesses' be defined for the purposes of eligibility?
- i. We like the Australian Small Business and Family Enterprise Ombudsman definition of 'small business' as a business with less than \$10 million in turnover or fewer than 100 employees.
 - ii. And ask CRIPT consider that all NA businesses can obtain ARPC cyclone cover for NA community to economically prosper.

- Question-9. Are there any difficulties which may arise from including small business property insurance policies in the reinsurance pool and how should the scope of this coverage be clarified?
- i. We see no difficulties for any small business obtaining optional ARPC cyclone cover if they commit to a third-party property BIV each five years to qualify their insured risk and ARPC liability.
 - ii. Non strata business properties buying a Cyclone cover product would be the same as buying Public Liability, Common Property assets or Building fire and glass replacement insurance products. Cyclone Cover is just one standalone easily defined product. All products have affordability control protection in that non strata business property insurance is optional.

Reinsurance product design and insurer participation

- Question-10. What is the current approach used by insurers to assess and measure cyclone, storm surge, and related flood damage risks, to what extent are individual policy level data available, and how are cyclone related risk premiums calculated in insurer pricing models?
- i. The Stata consumer today have no visibility at all how a NQ strata insurance is compiled. There is a public generic Insurance Premium "Stack" model issued to previous government inquiries⁵².
 - ii. the ICA reported⁵³ to Treasury that individual insurers have estimated that about 150 different questions will need to be asked to determine an accurate quote. But we know of no strata insured who has seen such a report of this size.

⁵² Appendix-L Insurance Premium Design "Stack" and factors in a 36% natural perils disaster portion.

⁵³ A34.12.p12 – ICA 2014 Submission to the Commonwealth Government Discussion paper "addressing the high cost of Home and Strata Title Insurance in North Queensland.

- iii. The ICA has a national PIF⁵⁴ and PIF-2019⁵⁵ database that comprises 12.9 million geocoded policy street address records for Australia, representing an estimated 96% of all policies currently in force. Policies include commercial, strata, home, contents, landlords, SME and ISR. Each policy record relates to a single building and contains the following key points of information: • Building year of construction • Sum-insured purchased by customer • Excess amount selected by customer • Premium paid by customer.
- iv. We believe the entire PIF database is already paid for by every subscribed Australian home insurance consumer. We believe that this entire PIF project compromised as is subject to possible typo data entry errors and has no consumer mechanisms in place to “check and correct” their PIF insurance profile.
- v. The NA insurers we believe use poor quality “**Predictive**” based modelling for future premium design, when in fact they should be using “**Evidence**” modelling as it is true and correct.
- vi. See Appendix-D, F, G, H, I, J & M that demonstrates NA and NQ natural peril disasters **evidence** disagrees with incumbent insurance modelling that justify their inflated tax invoiced risk predictions, that unfairly claim NA and NQ has more natural peril disasters than ROA.
- vii. We believe foreign ISR insurers are too far removed from the NA cyclone understandings. Eliminating ISR policies will reduce sovereign risk consequences and that the ACCC did call ISR policies “Insurance of last resort” for a reason.

Question-11. How should the reinsurance pool design a risk rating system for cyclone and related flood damage risks, and what are the trade-offs associated with using risk tiering and with the level of granularity used?

- i. No risk rating system is required.
- ii. No risk tiering nor granularity is required for strata cyclone insurance.
- iii. Strata committees themselves must AGM decide either or both **sum insured value (SIV)** or **full value replacement (FVP)** as a risk management risk rating choice. BCCM oversight is required to ensure AGM decisions are made correctly. See Appendix-N

⁵⁴ A34.11.p2 – ICA 2015 submission to Northern Australia Insurance Premiums Taskforce **PIF, Policy in Force** Data. This new data is crucial evidence to understanding the nature of insurance pricing in Queensland and to designing a response where one may be needed. ICA members have provided ICA with address level policy data in Queensland for over 900,000 individual home building and residential strata buildings. Each record includes the address, the sum-insured and excess selected by the customer, the premium charged by the insurer and in the case of strata policies the exact number of units in the strata complex who jointly pay the strata premium.

⁵⁵ A10.32 ICA 2019 Mitigation and Policy in Force Analysis paper.

- iv. Do not use insurers data.
- v. Use evidenced base data from strata consumer real claims histories and premium tax invoices.
- vi. Strata insured damages bill for the last 25 years confirm a damage rate of around 3% of total claims for cyclone disaster events. Since 1995, NA is reported to have incurred only \$112.4 million and \$17.9 million in damages from some 202 cyclones. And only 85 cyclones since 1995 have caused reportable damage in NA. (Appendix-M)
- vii. Not required as evidence informs us cyclone a strata damage event is so small, and the major city centre cyclone direct hit probability is one 47 years (Cyclone Tracy 1974).

Question-12. How much risk exposure should primary insurers retain?

- For unregulated unprescribed BCCM cyclone risk none.
- For regulated BCCM strata prescribed insurance remains 100%
- Insurers retain the full BCCM prescribed insurance products supply and can now deliver revised premiums at AIF=1.0 like the ROA strata community have and ROA strata have no cyclone insured risk exposure either.
- ⁵⁶AIF=1 same as ROA. See ACCC figures 3.32 and 3.33 claims profile that confirms insurers can profitably deliver prescribed insurance cover at AIF=1 below the Rockhampton line

Question-13. Would implementing a reinsurance pool have any effect on the claims management process, and how could this be addressed in the reinsurance pool's design?

- i. For unregulated unprescribed BCCM cyclone claims all to be BCCM processed managed prior to ARPC obligations.
 - 1. All Strata cyclone damage claims to be made to the BCCM in application. The BCCM claims oversight process then instructs the ARPC payment obligations on case-by-case application. The BCCM must create new legislation to have the authority to integrate ARPC cyclone insurance cover into the Queensland regulated strata insurance legislation. The BCCM has to be the active oversight legal ingredient for the Cyclone Insurance to work effectively. The BCCM could tender out cyclone insurance claims services to do the claims processing works. The BCCM must have punctilious claims and premiums records in government hands to be capable to future proof the entire Strata economy of NQ

⁵⁶ AIF = Affordability Insurance Factor = ACCC average premium per \$1000 sum insured factor.

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- ii. For regulated BCCM strata prescribed insurance claims processing remains the same at 100% insurers responsibility and no reinsurance pool obligations
 - 1. Insurers being excused from handling cyclone claims will be profitable and have less natural peril risk exposure and much lower reinsurance costs as no more Cyclone insurance claims. Yet per Appendix-L Insurers have already factored in 36% of Premium for natural Peril disasters in the prescribed damage events legislation and have since 2007 done this profitably with the ROA at AIF=1.0
- iii. The insurers will handle all the BCCM prescribed Insurance damage event claims. Cyclone is not in this group.

Question-14. What is the appropriate level of participation in the pool, and how should considerations of coverage and the amount of risk to be ceded be addressed?

- i. Do not let the insurers into the reinsurance pool.
- ii. Only allow strata communities to participate in the pool. The appropriate level of participation for strata buildings is set at an affordable 0.1% of the buildings Insurance Valuation (BIV) pa. The estimated \$34 billion NA strata BIV will then deliver \$34 million pa to the ARPC in care for removing cyclone excesses from incumbent insurance premiums. The strata committee in partnership with the BCCM (the Operator) with the ARPC (the Bank) will operate the cyclone fund, contributing each year and drawing down only in the event of cyclone damage is incurred.
- iii. The ARPC and BCCM are at no risk. Deposit will be around \$34 million per year and as Treasury strata cyclone claims history informs us for the last 25-year strata cyclone claims are averaged at \$5 million pa, from around 9000 strata buildings in NA. In the event of a “cyclone Black Swan” event that does hit a major strata centre (current probability is 1 in 47 years to date) then the ARPC cyclone sinking funds would be used. (in lieu of what was once called “special excess” obligations that strata had to fund before historic strata insurance claim could provide relief). Additional ARPC funds can be quickly accessed at time of disaster and then planned repaid per BCCM strata insurance regulation clause [188.(5)]
- iv. Previous government Insurance inquiries of 2015 and 2020 inform us Strata buildings are very low risk and run at 3% of the national cyclone H+C+S claims losses. And is \$ 17.9 million (0.05%) of the national \$36,072 million national H+C+S all groups insurance cost for 2008-2018.

- v. ARPC pool participation will require all Queensland Strata insured to obtain BCCM legislative approval or use Secondary Objects⁵⁷ discretionary freedoms to participate in the ARPC pool.
 - vi. We see the pool participation as an annual proportional 0.1% invoiced value of the Strata Building Insured Valuation, this value would be invoiced as a cyclone sinking fund subscription, thus forgoing state and federal taxes, duties and fees and commissions in order to maximise the ARPC fund contributions⁵⁸.
 - vii. CMS & CTS⁵⁹ Strata Building Insured Valuations (BIV) done every five years per existing BCCM clause [190] ensure the cyclone sinking fund contributions are inflation adjusted.
- b. If the BCCM can enforce the prescribed insurance regulations set in 1997, that should reset all strata prescribed insurance premiums to the ACCC AIF of 1.0. and be paid accordingly to the conventional insurers of NA .
- c.

Question-15. How should industry transition be managed and what is the best format and timeframe for it to take place?

- i. The Qld BCCM regulated Strata community has the regulated AGM and EGM administration regulations in place at Committee level to accommodate ARPC cyclone insurance cover using the BCCM Secondary Objects provisions as listed in the BCCM Act 1997.
- ii. All 6,610 NQ strata communities can be Cyclone invoiced by the BCCM starting the 1st January 2022. And have payments made by the 1st June 2022. At the same time this allows body corporates to wind down current insurance commitments and upload new cyclone free prescribed insurance policies then devoid of Cyclone risk

Question-16. What should be the key goals for a regular review of the reinsurance pool and what would be the optimal timeframe?

- i. Key goals for regular review would be
 - 1. BCCM designated to Cyclone ARPC review performance manage for Queensland, and Strata volunteers unskilled for this works.
 - 2. Monitor and report all Cyclone premium subscription by postcode.

⁵⁷ The BCCM Act 1997 list nine Secondary Objects that provide the BCCM community discretions to enable CTS body corporates to activate consumer and community empowerment decisions, such as unregulated Cyclone Insurance as being considered now by CRIPT.

⁵⁸ Traditional Qld Strata Insurance Premium Tax invoices have 10% GST, 9.9% Stamp Duty and ACCC reported 20% fees and commissions surmounting to a gross 40% invoice devaluation of the actual premium paid amount.

⁵⁹ CMS = BCCM Community Management Statement issued by Queensland Property Titles Office

3. Monitor and report all Cyclone Claims by postcode.
 4. Postcode allows much easier alignment of costs with natural peril area occurrence.
 5. Visit and hands on inspect 10% of NQ body corporates pa
 6. Produce annual Cyclone Strata ARPC report for entire CTS community.
- ii. Timeframe, we believe annually for the first three years to ensure “bugs” are detected early. After that period then every 36 months should suffice. Unless the ARPC can offer their experience of the same on optimal timeframe.

Question-17. Should the reinsurance pool have a planned exit date?

- a. Yes. Commit for ten years, then consider exit plans once the cyclone insured performance history is reviewed. Any exit plans should be conditional to the BCCM making exit recommendation(s) to all CTS lot owners as a stakeholder public disclosure.

Question-18. Which mechanisms will ensure the pass-through of reinsurance premium savings to insurance policyholders? For example:

- a. 18.1 Explicit price monitoring of insurance premiums can be easily monitored using the ACCC average premium per \$1000 sum insured or what we call the Affordability Insurance Factor AIF, where every CTS can monitor their own AIF and compare it with the ACCC published averages since 2007.⁶⁰
- b. 18.2 Additional requirements to disclose the cost of reinsurance to policyholders? Not required as Insurers will not be involved with Cyclone premiums anymore. Natural Peril insurance in NA is outside our insurer’s skill levels. Their natural peril modelled predictions and reinsurance costs over the decade have been wrong. They have had over a decade to get NQ Strata insurance right and have messed up badly in that time as measured by the NQ Strata community complaints volume.
- c. 18.3 Any additional mechanisms that may be appropriate? Let the Strata lot owners become connected with their community titled insured building risk. AIF now gives them the “affordability” tools to measure and compare their body corporate insurance “affordability” nationwide.

⁶⁰ A14.6 – ACCC Figure 3.33: Average premium per \$1,000 sum insured for strata insurance, 2007 – 2019

Links to risk reduction

Question-19. To what extent do insurers price in discounts into insurance premiums for mitigation action undertaken by or affecting policyholders?

- i. Does not exist.
- ii. Have never seen it in 20 years of owning CTS strata in NQ. Mitigations are always consumed by insurers and no premium discounts ever witnessed.
- iii. Can CRIPT obtain a body of audited consumer evidence to verify if such mitigation discounts is working in token or genuine format?

Question-20. How might mitigation be encouraged by the reinsurance pool's design? For example:

- i. 20.1 Should the pool provide discounts for properties that undertake mitigation?
 1. No
- ii. 20.2 Should the pool have an explicit mandate to encourage mitigation?
 1. Yes
- iii. Strata body corporates in general are matured mitigation participants. By law every Qld strata building must participate with the QFES⁶¹ in building fire safety inspections, testing and repairs. Penalties can be imposed for poor fire safety compliance. This fire mitigation process is working well as strata buildings report very low fire incidents.
- iv. At present no CTS Strata body corporate in NQ would have spare funds to afford mitigation investment activities. All Strata funds are exhausted on procuring ever expensive Strata insurance. And such is not sustainable and empty (deserted) strata buildings have been heard of⁶².
- v. Mitigation investment is not available for consideration until the Strata insurance market failure is fixed by the BCCM.
- vi. Conditional, once NQ Strata insurance is made affordable and has achieved AIF=1.0. Then mitigation co-investment at a rate of a \$1.00 for \$1.00 could be considered mutually fair and beneficial for Strata buildings in a mitigation partnership with government.

⁶¹ QFES = Queensland Fire Emergency Service – strata building fire safety regulator.

⁶² The BCCM “common ground” 2020 report some 625 CTS buildings have left the Titles roll in Queensland,

- vii. A Suncorp/KPMG 2014 paper⁶³ promotes a mitigation benefits cost ratio that depict for every \$1.00 cyclone mitigation dollars spent, \$2.40 is avoided in cyclone recovery losses.
- viii. JCU64 / KPMG Florida USA Disasters studies reports similar mitigation investment benefits where a \$1.00 hurricane mitigation spend delivers a \$2.75 benefit cost ratio BCR.
- ix. Mitigation investment is good. The NQ strata insured cannot afford special levies for such now.
- x. All Mitigation programs must be done application coordinated through the BCCM office to enable mitigation effectiveness monitoring and abuse controls to ensure good governance. And enables actual insurance premiums consequences to be monitored after mitigation investments have been installed.

Question-21. How should the pool's design seek to discourage any increase in risky behaviour? For example:

- i. 21.1 Should there be a time-based cut-off to exempt new builds from the pool?
- ii. 21.2 Should the pool only allow new builds that have been built to adequate standards and in suitable locations?
- iii. None of the above.
 - 1. Strata are responsible for their own funds is a good control. No one else funds are at risk. All funds have BCCM accounts visibility and AGM controls.
 - 2. Consider each strata body corporate contributes 0.1% of BIV to the cyclone Insurance pool pa for cyclone cover. This builds a cyclone sinking self-insured fund that can be used at time of any cyclone claim. If strata cyclone repair funds become exhausted, the ARPC makes available additional funds resource that can be paid back with BCCM specified payback levies that ensures the ARPC is cost neutral at all cyclone times. This payback regulation delivers conservative spending conditioning along with AGM visibility and voting controls and is coupled with existing BCCM oversight.

⁶³ A34.3 Suncorp/KPMG paper 2014 Mitigation Strategies Benefit Cost Ratio page 243/288

⁶⁴ A34.3.p109 Suncorp undated, ACCC NAII submission James Cook University My Safe Florida Mitigation program 2007.

3. Note any Strata can buy optional FRV or SIV cyclone cover policies on the open market. This action should be a strata AGM decision.

Question-22. To encourage further action by states and territories on insurance affordability:

- i. 22.1 What settings could be included in the design of the pool?
- ii. 22.2 Which policy options could be introduced alongside the pool?
- iii. See our supplementary Document B: which outlines the Qld BCCM affordability and controls that should be activated. The ARPC is mentioned.

Interactions with the ARPC's existing functions

Question-23. What are the potential interactions between the terrorism reinsurance pool and the new cyclone and related flood reinsurance pool?

- a. The ARPC we believe will fit very well with the proposed NQ strata cyclone insured as it can be made compulsory under BCCM cyclone regulations upgrade. Strata consumer would gain affordability relief and be able to utilise saved funds for ARPC sinking fund self-insurance and mitigation purposes and keep the funds and improvements in Australia. This would enable they ARPC to add greater economic benefit to the northern Australian housing market in NQ by allowing cyclone insurance risk to managed and saved by the strata insured consumers themselves.
- b. The current ARPC pool terrorism cover product is extremely vague, not transparent and needs much improved reporting features for Strata consumers.
- c. The following **Terrorism Insurance** visibility deficiencies have been observed.
 - i. Criteria to qualify Strata buildings for terrorism Insurance cover.
 - ii. Optional or mandatory? Who's call? ARPC, Insurers, BCCM or Strata owner?
 - iii. We have noticed some ISR policies do not use ARPC cover, does this put these buildings at risk for damage or ASIC penalty for noncompliance or optional and not required – who's decision?
 - iv. Visibility on how terrorism cover costs are computed,
 - v. What markups if any are applied by insurers? ARPC permitted?
 - vi. How much GST and Stamp Duty is payable and commissions?
 - vii. No visible evidence the ARPC fee has been paid.

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- viii. What human and building and common property damage liabilities it provides cover for and to what amount.?
- ix. Does it come with an ASIC specified Product Disclosure Statement (PDS) requirement?
- x. Does it come with a ASIC specified key Fact Sheet (KFS)
- xi. How has the Body Corporate Community Management (BCCM) commissioner legislated for it to be addressed and complied with by the BCCM regulated strata insured.?
- xii. Question – how many Australian properties have such ARPC Terrorism Insurance cover?

Appendix-A: Observation-7: Australian Strata Economics⁶⁵

Community Titles Scheme (CTS) Strata Data from various internet sources, treat all data as estimated as needs to be validated by government. We need precise and accurate Strata economics numbers from our Qld Government to improve our NQ Insurance conversations and decision making.

	Australia	Queensland	Townsville
CTS/Strata Schemes	340,601 ⁶⁶	49,821	2,000
CTS Lots – apartment units	2,869,845	497,903	20,000
Building Insured Value (BIV)	\$1,117 Billion	\$203 Billion ⁶⁷	\$13.4 billion
Employment Direct	9,330	1,825	125
Trade Services pa	\$5,728 million	\$845 million	\$69.3 million
Professional pa	\$903 million	\$304 million	\$10.9 million
CTS Insurance Premiums ⁶⁸ pa	\$995 million	\$192 million	\$53.6 million
CTS GST (10%) pa	\$99.5 million	\$19.2 million	\$5.36 million
CTS Stamp Duty (9.9%) pa		\$19.0 million	\$5.31 million
Broker Insurers ⁶⁹ Commissions/fees (20%) ⁷⁰ & ⁷¹ & ⁷² & ⁷³ Prem / BIV	\$198 million	\$38.2 million	\$10.7 million
CTS ARPC Terrorism Tax			\$60,000
CTS Volunteers (estimate)	600,000	150,000	7,000
<p><i>ACCC report NQ has 6,610 CTS residential strata policies⁷⁴</i> <i>ACCC report NQ has 5,486 (83%) strata buildings have 10 or less lots. And 1,124 (17%) strata buildings have more than 10 lots</i> <i>ACCC report Townsville has 108 "BIG" CTS strata building, where big means more than 10 lots and \$5.0 million Building Insured Value.</i> <i>Qld BCCM report for in 2016 that only 35% of strata buildings had 10 lots or less.</i></p>			

⁶⁵ A25.3 - Info UNSW National Strata Data Report 2020, Other table numbers presented are by ratio or estimated.

⁶⁶ A25.3B City Futures at cityfutures.be.unsw.edu.au/research/projects/national-strata-data-analysis 2020 national strata schemes

⁶⁷ A25.3.p12 - City Futures at cityfutures.be.unsw.edu.au/research/projects/national-strata-data-analysis

⁶⁸ - CTS Insurance premiums Tax invoices study depict averaged premiums around 0.5% of BIV for TSV and 0.1% for ROA.

⁶⁹ - A34.6p5: ICA 2012 submission Residential Strata Insurance, Product is sold by Brokers and Strata Managers acting as agents of strata insurers.

⁷⁰ - A7.6 info Strata Ratings agency serve over 300,000 strata schemes in Australia, nominal paid insurance commissions.

⁷¹ A14.6p445 ACCC-20 report Figure-16.22, 17.5% commissions on strata revenues of \$14 million to \$60 million 2019.

⁷² A14.6p501 ACCC-20 report chapter 19 15-20% commissions are common.

⁷³ A14.6.p507 ACCC The scale of payments to intermediaries, \$650 million for Australia, \$62 million for NA.

⁷⁴ A14.6p427 ACCC-20 report Table 16.2

Appendix-B: ACCC Northern Australia Strata Policies

Based on one policy per Community Titles Scheme (CTS) Strata insured building. Mandatory Renewed each year

Table 16.2: Number of residential strata insurance policies, by region, 2018-19

Region	Number of policies
North Western Australia	148
Northern Territory	2,255
North Queensland	6,610
Total	9,013

Source: ACCC analysis of data obtained from insurers.

Appendix-C: Qld Community Titles Scheme Insurance Regulations.

1. These below Accommodation Module insurance regulations are identical for the Standard Module for **Small Business** property strata which are numbered differently.
2. The Qld BCCM has 15 specified insurance regulations. For the 2020 BCCM Accommodation Module regulations only 3 of the 15 BCCM Insurance regulations require insurance product procurement, these are:
 - [187] Common Property Assets (CPA) insurance.
 - [188] Building Insurance.
 - [196] Public Risk insurance.

The three products above are monitored and controlled by the four regulations below.

- [185] Definitions
 - [186] AGM reporting
 - [190] Building Insurance Valuations (BIV)
 - [193] Excess
3. BCCM [185] Definitions:
 - **Building:** includes improvements and fixtures forming part of the building, but does not include— (a) temporary wall, floor and ceiling coverings; (b) fixtures removable by a lessee or tenant at the end of a lease or tenancy; or (c) mobile or fixed air-conditioning units servicing a particular lot; or (d) curtains, blinds or other internal window coverings; or (e) carpet; or (f) mobile dishwashers, clothes dryers or other electrical or gas appliances not wired or plumbed in.
 - **Damage:** The ten BCCM prescribed damage loss events to be insured are, (a) damage from earthquake, explosion, fire, lightning, storm, and water; and (b) glass breakage; and (c) damage from impact, malicious act, and riot.
 - Cyclone and Flood cover are not BCCM prescribed as specified insurable damage events. Cyclone and Flood cover insurance are interpreted as optional, ie body corporate discretionary procured with AGM [186] controls and BCCM oversight. There is no evidence nor history of a NQ body corporate requiring a full replacement insurance from a flood or cyclone damage claim since 1997.

Because Cyclone and Flood damage cover is optional insurance cover, and that many NA insurers deny flood and storm surge damage events cover and many have capped cyclone insurance cover well below the full replacement BCCM stipulated value. This natural peril disaster non appetite predicament by insurers makes it amenable for the BCCM regulations to accommodate the ARPC access as a sinking fund self-insurance body corporate format contribution mechanism that eliminates excessive insurance excess and risk from the incumbent insurers and their bloated premium tax invoices. The insurers relieved of this cyclone natural perils insurance burden should proposer and encourage more market competition to participate in the Cyclone risk reduced pool of NA.

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Appendix-D: Australian Major Flood Events History and Frequency.

Data Source	Month	Year	Damage \$ million	Event	Location	State
Aust-Geo top 10 floods	June	1852	89 deaths	Flood	Gundagai	NSW
Aust-Geo top 10 floods	Feb	1893	35 deaths	Flood	Ipswich	Qld
Aust-Geo top 10 floods	Dec	1916	65 deaths	Flood	Clermont	Qld
Aust-Geo top 10 floods	Feb	1927	47 deaths	Flood	BNE+TSV+Cairns	Qld
Aust-Geo top 10 floods	April	1929	22 deaths	Flood	Tasmania	Tas
Aust-Geo top 10 floods	Nov	1934	36 deaths	Flood	Melbourne	Vic
Aust-Geo top 10 floods	Feb	1955	24 deaths	Flood	Hunter Valley	NSW
ICA Disasters.org.au/news	January	1974	\$ 3,160	Flood	Brisbane	Qld
Aust-Geo top 10 floods	August	1986	6 deaths	Flood	Hawkesbury	NSW
Moody's The Australian	not dated	2007	\$ 2,190	Flood	QLD + NSW	NSW
KPMG Suncorp 2012 subms	Dec	2010	\$ 2,387	Flood	Brisbane	Qld
KPMG Suncorp 2012 subms	March	2010	47	Flood	West Qld	Qld
Qld Floods Commission of	Jan	2011	\$ 2,307	Flood	Brisbane	Qld
Cat191	Feb	2019	\$ 1,269	Flood	Townsville	Qld
Cat202	Feb	2020	\$ 967	Flood	NSW.Qld	Qld
				15 major floods in 169 years		

Major Flood events above the Rockhampton Line. (AIF=5.2)

Townsville, Clermont, Cairns, Risk frequency = 4 major flood impacts in 169 years.

Major Flood events below the Rockhampton Line (AIF = 1.0)

Risk Frequency = 12 major flood disaster events in 169 years.

Appendix-E: ARPC BCCM CTS Strata Cyclone reinsurance model.

Currently the ACCC reported 9,013 NA Strata buildings are valued at around \$34 billion. North Queensland 6,610 Strata Buildings have an estimated collective valuation of \$27 billion. The Prime Minister informed everyone that his ACCC reported NQ average strata insurance was \$6,800. Multiplied out this delivers some \$44.9 million⁷⁵ as insurers gross premiums which carry a whopping 40%⁷⁶ taxes and commissions to State and Federal government and insurance intermediaries. So the real insured remnants (60%) remain for the building strata insured is \$26.9 million pa to materially secure, cover and protect our strata BCCM mandatory insured homes.

By removing the optional non BCCM prescribed Cyclone damage event risks from Insurers, should enable all insurers in NA to provide the same insurance affordability as the ROA. The ACCC has proven this profitable ROA AIF⁷⁷=1.0 which has continuously existed at this affordability and profit delivering value since 2007 to some 330,000 strata buildings below the Rockhampton Line. Above the Rockhampton line NA & NQ have an average AIF = 5.2.

For each NA CTS body corporate to obtain the same ROA material AIF they must insure in two portions.

1. **Prescribed BCCM Strata Insurance** that has no cyclone insurance cover, thus materially the same as res of Australia (ROA) buildings.
 - a. Pay only 0.1% or 1000th of its Building Insured Valuation (BIV) to the Insurers inclusive of all taxes and fees and commission, identical to what ROA strata insurance is invoiced. This 1000th tax invoice premium value should enable the Insurers to deliver the 3 prescribed BCCM insurances in full the same as they do for ROA as all strata buildings no matter where in Australia as all equivalent sized buildings are materially the same. Hence AIF=1.0 applies to all of Australia equally no matter what size or shape of buildings. Any disagreement around this number, the Insurers must present a business risk case to the Strata insured and to the BCCM regulator asking and detailing with evidence their risk variants to appeal and correct the prescribed AIF=1 ruling. Let the Regulators then decide the variation, do not let the insurer decide what is fair AIF.
 - b. 1000th of \$26.9 billion BIV = \$27 million to the insurer's pa for NQ BCCM prescribed building cover is deemed as the insured amount necessary to provide adequate material strata cover for NQ. No one is out of pocket as the cyclone natural peril disaster events are not included here to complicate the insurers risk concerns.
 - c. All strata claims for BCCM prescribed regulated insurance are to be managed by the incumbent insurers.

⁷⁵ Our Study estimates the ACCC under reported the Gross Strata premiums collected from NA as around \$62 million, we estimate the actual NA Gross Premiums are **\$176 million pa**. The ACCC (page 36) infer that insurer supplied premiums data was dubious. The ACCC did not check any strata consumer actual tax invoices as an impartiality data quality test to balance the insurance supplied data they had received.

⁷⁶ GST is 10% State stamp duty is 9.9% and commissions and fees amount to 20% - ACCC reported.

⁷⁷ AIF = Affordability Insurance Factor – the ACCC call it average premium per \$1000 sum insured factor


- d. Every Strata insurance premium to be registered and monitored by the BCCM for community insurance awareness, oversight, protections, and future proof planning of our north Qld CTS regulated economy.
2. **ARPC Cyclone Reinsurance**, a new BCCM to be prescribed Natural Peril Disaster Cyclone Event cover in the form of a Cyclone Sinking Fund Self Insurance format.
- a. Strata body corporate deposit 0.1% or 1000th of its BIV to the BCCM to administer and deposit into the ARPC cyclone reinsurance fund as a “strata member cyclone cover contribution”. This contribution is the new alternative form of the traditional “Cyclone excess” portion of conventional insurance policies. This ARPC reinsurance is actually a form of a sinking fund self-insurance replacing the traditional Cyclone special excess obligation strata buildings had to fund. The ARPC Cyclone Insurance deposit should be devoid of taxes and fees and commissions. Doing this maximises the ARPC cyclone protection funds.
 - b. ARPC cyclone cover premium deposit to be made annually for the first five years to build the sinking fund self-insured excess amount under ARPC funds safeguards. After five years the Strata body corporate committee can AGM decide at what contribution level future ARPC cyclone sinking fund self-insurance premium can be set at, similar to that of a sinking fund process.
 - c. Claims: All Strata cyclone damage claims made through application to the BCCM administration. Claims paid out in cash to committee or tendered out for repair and restoration contractors market. Historically there has been very little visibility on how claims have been paid out and why such huge disaster events restoration numbers are generated⁷⁸, there are no visible consumer protections in place on ‘gold plated “restoration and repair services accountability. By having BCCM controls in place, claims visibility will become more apparent into the future, as it is these claims cost numbers honesty and accuracy that the ARPC must watch to determine the longevity of this Cyclone support project. Our BCCM must be assigned to collect these claims numbers on behalf of its NQ regulated strata community.
3. **Conclude**. Standard insurance practises will deliver the BCCM regulated prescribed insurance covers without Cyclone or Flood requirements.
- a. Cyclone and Flood damage event requirements can be managed by a proposed ARPC Sinking Fund self-insured funds that can provide building damage repair protection cover but not full value replacement cover. (FRV). FRV requirement is an extremely low probability based on BCCM FRV claims evidence since 1997. Yet Cyclone FRV can be purchased by any strata committee on the open insurance market if the AGM decision is to do so.

⁷⁸ A14.6.p5. – ACCC Figure 16.18: Gross claims expense for strata products in northern Australia, 2008–09 to 2017–18 - \$40 million claims could not be classified. Figure 5.14 \$450 million NA claims could not be classified.

Appendix-F Australian Natural Disasters History

Observation-14: Australian Department of Home Affairs – Disaster Assist History 2021

Department of Home Affairs - Disasters Assist - Disaster Events Data 2006-2021												
	NSW	Vic	Qld	SA	WA	NT	ACT	National	TAS	os		
Bushfire	101	23	16	8	11	2	2	1	8	172	31%	
Cyclone events			17		12	7				36	6%	
Flood events	48	46	46	9	46	9		1	10	215	39%	
Hailstorms	3					1				4	1%	
Influenza, earthquake, tsunami, terrorist,								1		6	1%	
Weather, rainfall, Tropical low, Tornado	9	1	10	0	1	8				29	5%	
Storm	32	24	14	5	11	7				94	17%	
Drought??												
	193	94	103	22	81	27	9	3	19	556	100%	
	35%	17%	19%	4%	15%	5%	2%	1%	3%	1%	100%	

- NSW leads the Natural Peril Disaster frequencies, near double Qld.
- Floods and Bushfires dominate the natural disasters event type.
- Hailstorms cannot be right? 

<https://www.disasterassist.gov.au/find-a-disaster/australian-disasters>

Australian disasters

Filter the disaster assistance table

Start date: Disaster type: State:

Appendix-G: Australian Disasters: Cyclone Damage versus Hail Damage.

Table-T9: Australian Insured Losses from Natural Disasters 2010 to 2020

Ref: A35.3 Bushfire Royal Commission Natural Disasters Arrangements 2020 page 582

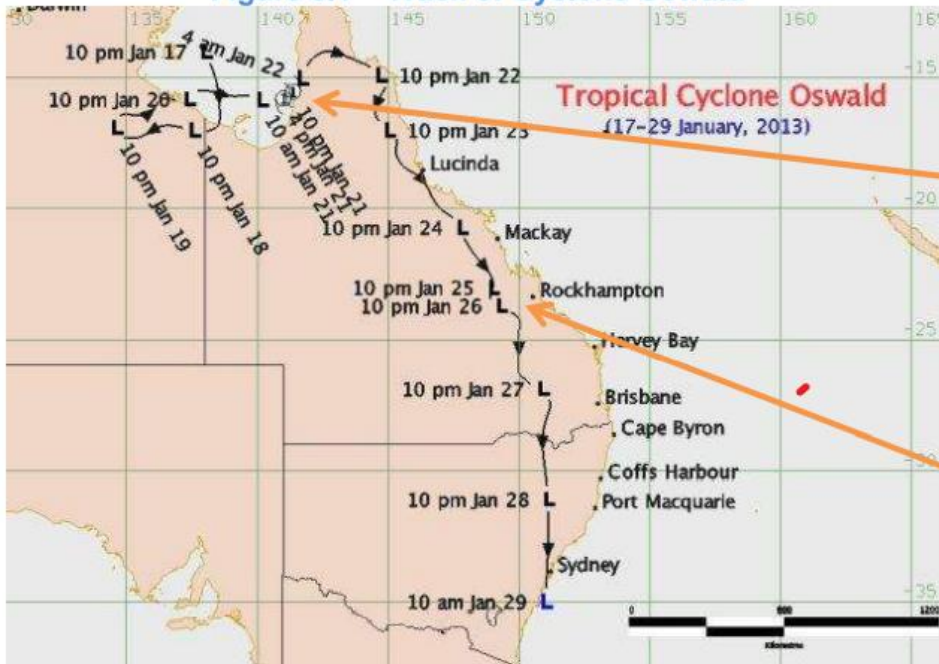
Year	Bushfire	Cyclone	East Coast Low	Flood	Hail	Storms	Totals
2010		\$ 395,250,000		\$ 114,700,000		\$ 2,097,000,000	\$ 2,606,950,000
2011	\$ 88,578,000	\$ 1,412,239,000		\$ 1,767,495,000	\$ 728,640,000	\$ 522,617,000	\$ 4,519,569,000
2012	\$ -	\$ 14,000,000		\$ 395,112,234			\$ 409,112,234
2013	\$ 317,250,500	\$ 1,138,790,500					\$ 1,456,041,000
2014	\$ 117,412,300	\$ 39,258,451			\$ 1,391,556,200		\$ 1,548,226,951
2015	\$ 365,356,296	\$ 660,963,458	\$ 949,615,700		\$ 421,132,705	\$ 351,102,112	\$ 2,748,170,271
2016	\$ 74,450,866	\$ 8,800,000	\$ 429,696,229	\$ 24,380,000	\$ 597,000,000	\$ 59,500,000	\$ 1,193,827,095
2017	\$ 33,500,000	\$ 1,774,598,765	\$ 10,000,000			\$ 907,000,000	\$ 2,725,098,765
2018	\$ 82,489,235	\$ 61,919,384		\$ 116,388,880	\$ 1,421,155,151		\$ 1,681,952,650
2019	\$ 2,263,368,646	\$ -		\$ 1,267,963,959	\$ 166,000,000		\$ 3,697,332,605
2020	\$ -	\$ -			\$ 1,625,120,016	\$ 957,995,945	\$ 2,583,115,961
	\$ 3,342,405,843	\$ 5,505,819,558	\$ 1,389,311,929	\$ 3,686,040,073	\$ 6,350,604,072	\$ 4,895,215,057	\$ 25,169,396,532
	13%	22%	6%	15%	25%	19%	100%
	9	9	3	6	7	6	40
							Events

Royal Commission National Natural Disaster Arrangements – Report

Appendix-H: North Australian Cyclone creates SE Australia Flood.

Cyclone can start in the north yet cause more damage in the south. Who is accounting for the post code damage so Cyclone and Flood damage can be identified and not merged in the mitigation decision making decisions?

Figure 3.1 – Track of Cyclone Oswald



Made landfall as Category 1 in area of low population and rapidly weakened to ex tropical low

Vast majority of damage occurred along east coast due to rainfall and some wind associated with ex tropical low

Source: BoM report, 'Ex-TC Oswald Floods'

- **Above:** Cyclone Oswald 2013, is recorded as having cost **\$1.3 billion**, of which **only \$13 million** is understood to be actual cyclone damage and the rest was flood damage⁷⁹
- **Anecdotal:** North Queensland homes are designed for tropical climates and tolerates numerous cyclones and 200mm rain events without much disturbance. A 200 mmm rain event in Brisbane makes the front page of the news, up here it is ho hum. A cyclone makes the national news but does not make land fall. Damage yes, destruction no, welcome to Northern Australia. Columnist must leave the climatic prejudice out of the Northern Australian insurance conversations.
- **Below: KPMG/Suncorp 2014⁸⁰ - sometime the floods come before the cyclone.**

Total significant govt payout on natural catastrophes 2010-11	7,279,145,000
VIC (Jan Floods and Feb Severe Storm)	271,266,000 2011
QLD (Dec Floods and Cyclone Yasi)	5,442,857,000 2011

The NA Cyclones can be wrongly blamed for the cost consequences of flood that occurs below the “Rockhampton Line”.

⁷⁹ A36.0 Finity Consulting Financial Impacts of Proposed Cyclone Schemes 2015 for the Northern Australia Insurance Premiums Taskforce

⁸⁰ Northern Australia Insurance Premiums Taskforce – Interim Report Suncorp Submission page-257

Appendix-I: North Australian Strata Claims History

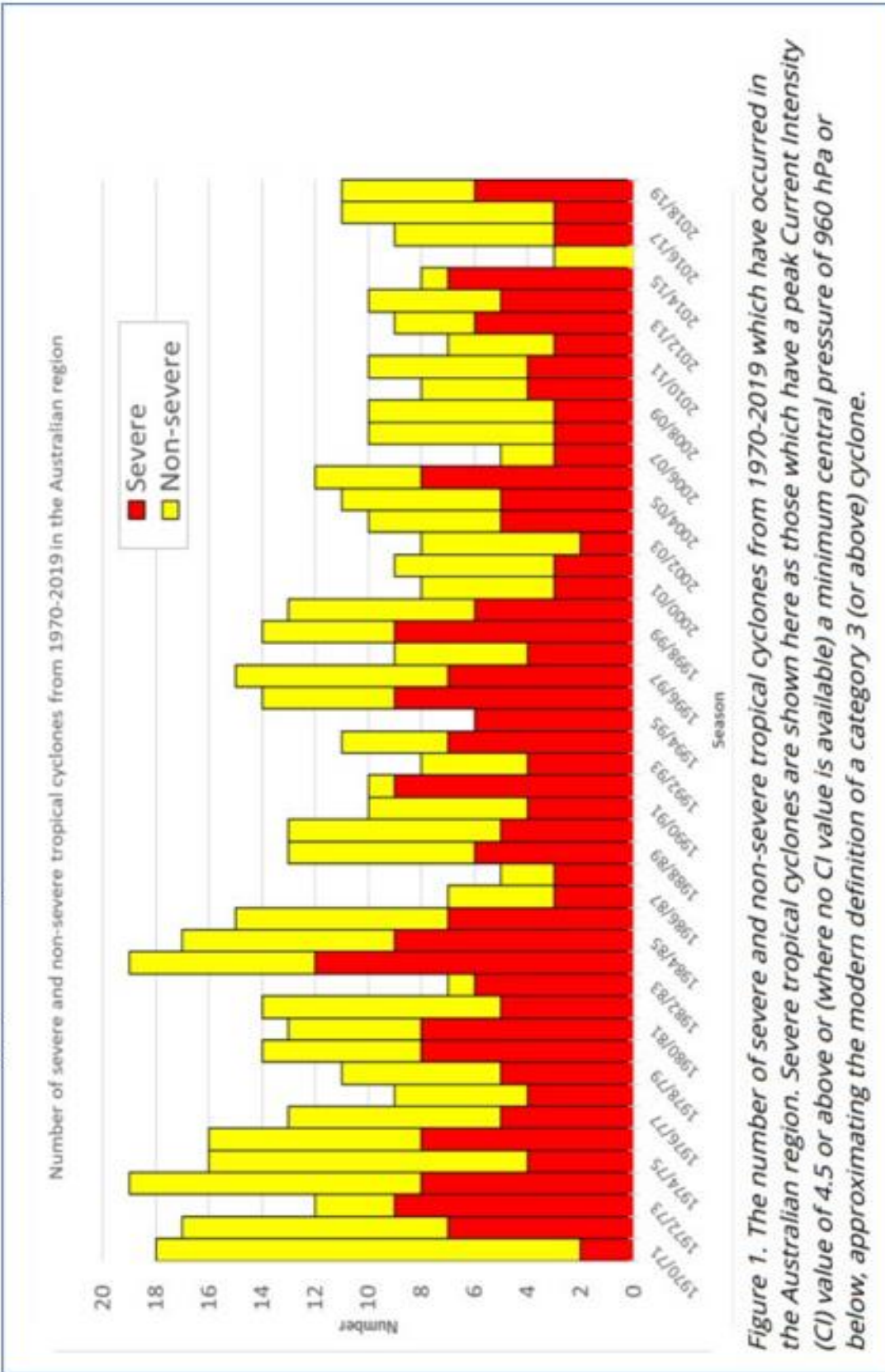
Observation-12: Australian Strata Insurance Claims History 2008-2018

ACCC -2020 NAI report ID	Northern Australia		Strata products only		Northern Australia		All of Australia	
	Figure 16.18	Figure 16.19	Figure 16.18	Figure 16.19	Figure 5.14:	Figure 5.14 + Figure 5.15:	Figure 5.14 + Figure 5.15:	
	Claims \$ Millions	Claims frequency	Claims \$ Millions	Claims frequency	Claims \$ Millions	Claims frequency	Claims \$ Millions	Claims frequency
Storm	\$ 105.0	53%	1,550	19%	\$ 708	18%	\$ 9,408	26%
unclassified	\$ 40.0	20%	not reported	#VALUE!	\$ 455	12%	\$ 4,655	13%
Cyclones (Yasi and Debbie included)	\$ 17.9	9%	500	6%	\$ 1,400	36%	\$ 1,700	5%
Water damage human event	\$ 17.0	9%	3,100	38%	\$ 340	9%	\$ 4,940	14%
Flood	\$ 7.0	4%	80	1%	\$ 320	8%	\$ 1,820	5%
Fire - Explosion human event	\$ 5.0	3%	220	3%	\$ 276	7%	\$ 5,576	15%
Accidental Damage Loss	\$ 2.0	1%	780	10%	\$ 90	2%	\$ 1,490	4%
Impact	\$ 2.0	1%	325	6%	\$ 50	1%	\$ 1,150	3%
Vandalism	\$ 1.3	1%	550	7%	\$ 35	1%	\$ 635	2%
Fusion	\$ 1.0	1%	490	6%	\$ 70	2%	\$ 570	2%
Storm surge	\$ 0.5	0%	35	0%	\$ 18	0%	\$ 218	1%
Liability	\$ 0.4	0%	30	0%	\$ 20	1%	\$ 320	1%
Theft	\$ 0.3	0%	200	2%	\$ 80	2%	\$ 2,680	7%
Earthquake	\$ 0.3	0%	25	0%	\$ 5	0%	\$ 105	0%
Bushfire	\$ 0.2	0%	20	0%	\$ 5	0%	\$ 805	2%
Total Strata Claims 2008-2018	\$ 199.9	100%	8,105	100%	\$ 3,872	100%	\$ 36,072	100%
Strata Gross Premiums 2008-2018	\$ 519.0							
GLR = Claims/Premiums		39%						

- Cyclones and Flood natural peril disasters are a concern.
- Theft claims loss is a worry – what is getting stolen?
- No claims history indicated for volunteer workers, office bearers, fidelity, Government Audit, legal defence and loss of rent.
- Fire is the only event that can destroy a building, everything else will damage a building. Full replacement cover should be required for Fire Damage only.

Appendix-J: Cyclone History and Pressure

Australian Bureau of Meteorology Cyclone History Data



Appendix-K: Strata Insurance pricing history

ACCC Final report 2020 page-53 “in 2018–19 strata insurance premiums in northern Australia remained higher than in the rest of Australia. Average premiums were highest in north Western Australia, at \$13,400, which is more than four times the average for the rest of Australia of \$3,300. Average premiums were approximately \$6,800 in north Queensland, and \$7,000 in the Northern Territory.

We believe the ACCC did not read the ICA Table-1 submission below as Strata prices have not come down in Townsville.

Table T14-D:

Northern Australia Strata Insurance Averaged Policy Profiles.

ACCC, page 10 & 82	Premium Qty	Average \$/policy	Valued
North WA	148	\$ 13,400	\$ 1,983,200
Northern Territory	2,255	\$ 7,000	\$ 15,785,000
FNQ	6,610	\$ 6,800	\$ 44,948,000
Total NA	9,013	\$ 6,958	\$ 62,716,200
ROA	300,433	\$ 3,300	\$ 991,428,900

2010-2011

Table-1 below was submitted to the “In the Wake of Disasters Volume Two: The affordability of residential strata title insurance House of Representatives Standing Committee on Social Policy and Legal Affairs” March 2012 Canberra

2.42 The ICA supplied the average premium costs for strata properties at three different locations in north Queensland for 2012 and 2011. These figures are reproduced in **Table 1**.

Table 1 Comparison of north Queensland average strata insurance rates (2010-2011)

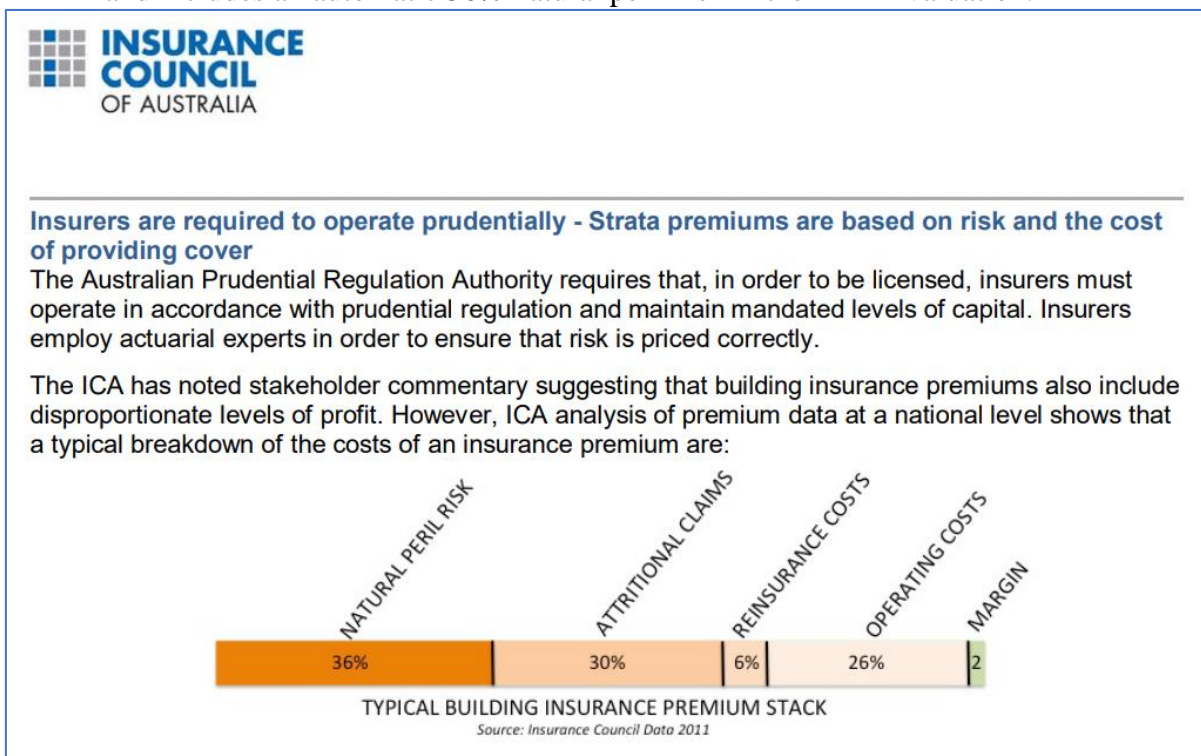
	Average Annual Premium (\$)		Percentage increase	Average Annual Premium Per Strata Unit (\$)		Percentage Increase
	2010	2011		2010	2011	
Cairns	18,310	36,300	98%	605	1,120	85%
Airlie Beach	22,068	61,805	180%	848	2,210	160%
Townsville	16,615	48,211	190%	1,007	2,116	110%

Source ICA, submission 380, p. 5.

2.43 While the percentage increases supplied by the ICA were not as large as have been reported elsewhere, they still represent significant cost

Appendix-L: The Insurance Premium Design “Stack”

1. The ACCC report the average premium per \$1000 sum insured building Affordability Insurance Factor is $AIF = 1.0$ ⁸¹ This applies to the 300,000+ ROA strata buildings below the “Rockhampton line” and has been stable and profitable since 2007. Our study tax invoice evidence agree with this ROA $AIF=1$.
2. For the NA AIF the ACCC report an $AIF = 2.6$ ⁸². Our NQ study reports an AIF of 5.2. We will use the $AIF = 5.2$ as we have seen enough tax invoices to proceed with this value for the 6,610 Strata buildings in NQ. Many buildings do exceed this AIF.
3. **Example** - A \$20 million ROA strata building insured valuation (BIV) would pay \$20,000 pa insurance premium for standard cover (ie $1,000^{\text{th}}$ of its BIV = Premium) . The same equivalent \$20 million building in NQ would pay \$104,000 pa. What changed? The buildings are “**materially**” the same. The building above the Rockhampton line pays the same \$20,000 for the building sum insured ROA AIF equivalent. And then pays an additional \$84,000 penalty for the natural peril disaster perceived risk from cyclones.
4. How did the insurers work out this \$84,000 extra risk component value and justify such a lop-sided invoice for its workings are never disclosed.?
5. However, the ICA did present the premium design “stack” pricing model figure below to the House of Representatives Standing Committee on Social Policy and Legal Affairs, 2012 Inquiry into Residential Strata Insurance affordability. The ICA analysis of premium data “stack” at a **national level** (ROA) shows that a typical breakdown of the costs of an insurance premium “stack” and includes an automatic 36% natural peril risk in the $AIF=1$ valuation.



⁸¹ A14.6.p82 ACCC Figure 3.33: Average premium per \$1,000 sum insured for strata insurance, 2007–2019.

⁸² A14.6.p82 – ACCC Figure 3.32: Average premium and premium per \$1,000 insured for strata insurance, 2019

Appendix-M: Australia's Worst Cyclones:

For the 53 years from 1967 to 2020 there have been 520 BOM named cyclones. Of which only 23 years incurred 26 cyclone damage events to make this listing. The years 1967, 1974 and 1990 had double cyclone damage events. And yes, cyclones are decreasing in annual number since 1967. But claims losses are increasing in later years and are believed to contain much higher claims administration and gold-plated FIFO repair and recovery costs loadings⁸³. Strata damage loss is estimated to be 3% of the total damages reported below.⁸⁴

AUSTRALIA'S WORST CYCLONES					
Rank	Name	State	Year		Losses*
14	Cyclone Elaine	Qld	1967	\$	390
7	Cyclone Dinah	Qld	1967	\$	878
6	Cyclone Ada	Qld	1970	\$	1,010
10	Cyclone Althea	Qld	1971	\$	648
25	Cyclone Daisy	Qld	1972	\$	116
4	Cyclone Madge	WA.NT.Qld	1973	\$	1,492
21	Cyclone Zoe	Qld.NSW	1974	\$	171
1	Cyclone Tracy	NT	1974	\$	4,100
12	Cyclone Joan	WA	1975	\$	398
16	Cyclone Alby	WA	1978	\$	265
15	Cyclone Hazel	WA	1979	\$	287
19	Cyclone Cliff	Qld	1981	\$	205
18	Cyclone Winifred	Qld	1986	\$	205
24	Cyclone Herbie	WA	1988	\$	117
22	Cyclone Aivu	Qld	1989	\$	138
23	Cyclone Joy	Qld	1990	\$	121
20	Cyclone Nancy	Qld.NSW	1990	\$	197
9	Cyclone Justin	Qld	1997	\$	650
17	Cyclone Sid	Qld	1998	\$	245
26	Cyclone Vance	NT	1999	\$	108
8	Cyclone Larry	Qld	2006	\$	799
13	Cyclone Tasha	Qld	2010	\$	393
3	Cyclone Yasi	Qld	2011	\$	1,532
5	Ex-TC Oswald	Qld.NSW	2014	\$	1,130
11	Cyclone Marcia	Qld	2015	\$	544
2	Cyclone Debbie	Qld	2017	\$	1,565

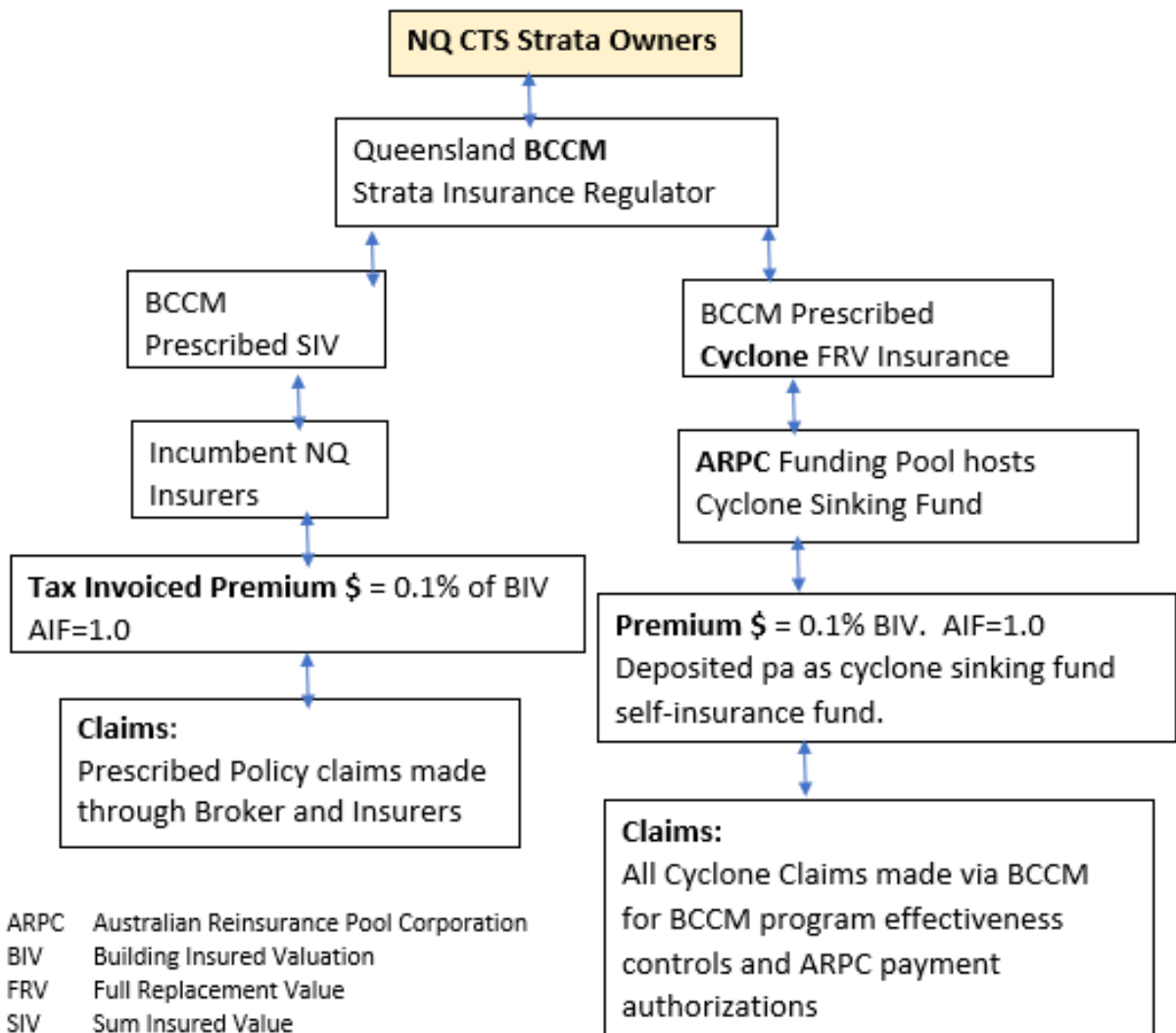
A34.2 Suncorp Submission to Insurance 2018 NAII 51 pages
**insurance losses, estimated loss value in 2015 dollars (apart from Cyclone Debbie, actual losses) Source: www.disasters.org.au*

⁸³ A14.6.p129 – ACCC Figure 5.14 & 5.15 Gross claims expense for all northern Australian home, contents and strata products, 2008–2018. \$450 million NA & \$4,200 million ROA is unclassified by the ACCC.

⁸⁴ A36.0.p23 – Northern Australia Insurance Premiums Taskforce 2015 Finity consulting

Appendix-N ARPC & BCCM Cyclone Insurance TSV.LOG proposed model.

Document-N: Cyclone Insurance ARPC/BCCC model 2021



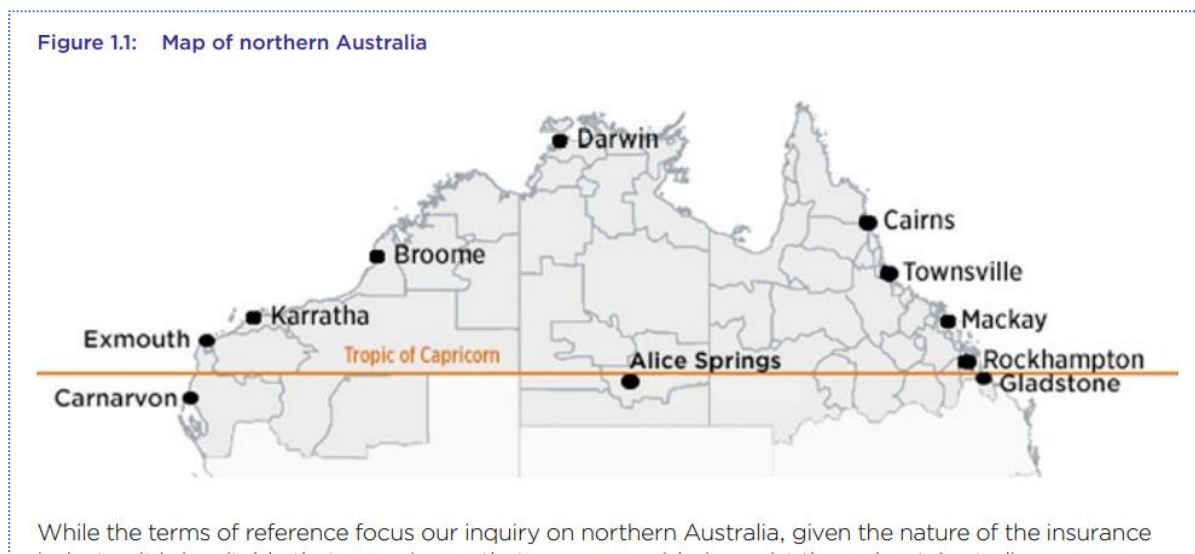
- ARPC Australian Reinsurance Pool Corporation
- BIV Building Insured Valuation
- FRV Full Replacement Value
- SIV Sum Insured Value
- NQ North Queensland
- AIF = Affordability Insurance Factor
 - (@ AIF=1.0 is what the ACCC is reporting the Rest of Australia Strata buildings are paying for material equivalent buildings without any cyclone cover.
 - (AIF = what the ACCC call its "Average Premium per \$1000 sum insured value)
- BCCM Qld Body Corporate Community Management Commissioner
- Taxes and Duties and Commissions on Prescribed insurer provided policies.
- No Taxes, duties, Fees and Commissions on Cyclone premium to maximise ARPC cyclone fund resources.
- NQ strata need to raise \$30 million pa for ARPC cyclone premiums to cover the averaged \$5 million strata cyclone claims pa of the last 25 years. Cyclone ARPC Premium to reduce after 5 years, conditional to Strata Body Corporate AGM decisions.
- BCCM condition monitor and direct the strata cyclone ARPC sinking fund insurance with annual reports.

20th May 2021

Document-B: Townsville Apartments Owners Briefing¹.

Summary:

1. How can strata home insurance premium prices keep increasing when the building sum insured risks have not?
2. The North Queensland (NQ) community titles scheme body corporate strata² insurance affordability remains failed for the last decade.
3. More than \$3 billion in NQ strata property value loss has occurred due to the Queensland Body Corporate and Community Management (BCCM) insurance regulation failures.



5. The fundamentals of homeowner insurance supply is twofold. Insurers buy the risk and spread the risk. Better put “*The fundamental and honourable purpose of insurance is to spread risk.* Michael Kirby said³, ‘*The sharing of risk is the essential brilliant idea of insurance*’. The NQ home insurance risk is not spread below the “Rockhampton Line” This insurance boundary defies the collective purpose of the national (home) insurance constitutional model⁴ for Australia.
6. In 2017 the Federal Treasurer tasked the ACCC Northern Australia Insurance Inquiry (ACCC) with 24 home, contents, and strata supply and affordability questions. The ACCC final report 2020 has clearly failed to do its consumer and competition protection job as it did not detect the three root causes of the NQ strata insurance market failure. The root causes are supply, regulations, and barriers. The NQ strata insurance market is now damaged as we believe is more focused on profit rather than on risk. The NQ insurers and not our BCCM are now dictating the current strata insurance market terms and conditions in NQ.

¹ E&OE, the information contained in this report has been obtained from a number of internet sources. The Townsville Lot Owners Group is a volunteer group that cannot be held responsible for errors and or omissions.

² This paper uses the popular apartment description word “strata” which also means apartment, lot, unit, community titles.

³ A34.16 General Insurance Background Paper-14 Dr I Enright, P Mann, Professor R Merkin QC and G Pynt. Undated

⁴ A35.10.p23 The Australian Constitution 9th July 1900

7. Health, Car, and Terrorism insurance risk is spread equally across all of Australia. Yet the NQ strata insured painfully endure the BCCM permitted Rockhampton Line barrier that prevents the rest of Australia (ROA) home insurance risk pond from accommodating our excluded NQ. This barrier discourages new insurance suppliers from competing in NQ, because of a false risk fear that NQ has more natural perils disasters than the ROA.
8. The Northern Australia (NA) insurance industry has purported and predicted that elevated natural peril risks exist in NA and that APRA and ASIC appear to have accepted this scenario. But our BOM⁵ and Dept of Home Affairs natural peril disasters data disagrees. This natural peril fake news hysteria of NQ has allowed, in numerous cases, the insurers to “third line enforce” price gouging policies with eye watering excess along with tear jerking poor profitability claims that NQ is a bad place to insure strata homes. Today this strata insurance gouging is suppressing the NQ economy and people’s futures up here. NQ will become closed for business if this insurance abuse can continue in its “unregulated” and unrestrained form. Our failed regulators need to cease insurance cosiness relationships and distance themselves and regulate to protect the strata consumers in NQ. Queensland strata insurance is compulsory The BCCM regulations deny their strata insurance consumers any home insurance affordability choice. House owners do have a choice and 86,000 have demonstrated their NA home insurance affordability choice in droves⁶.
9. A home insurance KPI⁷ “Affordability Insurance Factor” (AIF) will be introduced in this paper to improve the “affordability” argument with measurable detail using this AIF insurance factor as the fair comparison tool. This should help all NQ home insurance participants express clearly how disadvantaged the NQ strata insurance market really is.

The situation:

10. The purpose of the ACCC Inquiry was to solve the decade long residential home, contents and strata insurance market supply failure in Northern Australia (NA). During this time there have been some 12 Government Inquiries and investigations delivering some 463 recommendations, many of which may have home insurance affordability impacts on the strata community in NQ. This volume of recommendations highlights home insurance in NQ as a persistent problem where strata consumers keep getting home insurance abused. The Qld BCCM regulator remains mute on all 463 recommendations to date.
11. Our ACCC failed to obtain an impartial body corporate consumer tax invoice insurance premium evidence. Such evidence is required to balance the copious volumes of insurer data provided to the ACCC for the inquiry. The ACCC did not analyse nor report the consumer tax invoice evidence perspective of the NA insurance market failures⁸. Numerous findings in the bloated 592-page ACCC report⁹ we found to be vague, disjointed, obfuscated and in general not a friendly read for the consumer audience. We believe the ACCC did not fully answer the Federal Treasurer’s 24 Northern Australia Insurance Inquiry questions.

⁵ BOM - Australian Government Bureau of Meteorology

⁶ A14.6.p12 - ACCC 20% of the 430,000 NA houses are uninsured, for ROA the national average is 11% uninsured.

⁷ AIF paradigm - remember Miles per Gallon (MPG)? a neat effective 1970’s car comparison KPI method that allowed simple easy to deduce informative value for performance discussions when comparing cars. AIF compares buildings with the same simple clarity.

⁸ Nor did the 2012 and 2014 Australian Government Actuaries as they relied 100% on insure provided data for their failed determinations.

⁹ ACCC-2020 report-page7 to address concerns about “Affordability & Availability” were not discovered nor answered.

12. This failure by the ACCC activated a Townsville Lot Owners Group¹⁰ which set out and collected a volume of genuine strata tax invoice insurance details originally from 55 strata buildings¹¹. The collected insurance data now forms our case study body of evidence. Our current sample size is \$1.17 billion building sum assured value (BIV¹²) containing 2,200 lot owners. We believe this sample is a 10% representation of our Townsville strata market size. The ACCC reports there are 108 “big” strata bodies corporate in Townsville which each qualify as having a BIV of more than \$5 million and more than 10 lots. Our study has insurance tax invoice documents contributed from 40 of these 108 larger bodies corporates. Our bodies corporate are operated by volunteers and provide homes to a large group of citizens and consumers who are currently subject to extremely poor insurance behaviours and affordability. This paper is deemed as our community service contribution to make our state and federal regulators aware of the consumer side of the NQ & NA insurance affordability argument and that all previous government inquiries have common failures of not providing consumer evidence impartiality.
13. The ACCC failed in its chartered mission to protect the homeowner consumers in NA. The ACCC proposed market fix solutions are tepid at most, because the ACCC did not discover the root cause of the volume of insurance complaints which activated the inquiry. This ACCC report has ~~failed~~ damaged the 2015 Federal Government’s 51-point Whitepaper Development Plan for Northern Australia because it did not discover nor solve the insurance supply, regulations and barrier-imposed impairments holding back economic progress in NA.

The Problems:

The Root Causes

14. The Townsville Lot Owners Group believe the three root causes of the strata insurance market failure in Townsville and NQ are:
- Our ACCC is unable to detect the supply root causes of the strata insurance affordability failures.
 - Our BCCM insurance regulations are not working to protect the strata consumers.
 - NQ is wrongly disconnected from the national home insurance affordability entitlements pond by the “Rockhampton Line”¹³.

Market Size:

15. We believe the Queensland \$203 billion¹⁴ strata industry is in economic decline in Townsville and NQ. Townsville is estimated to have some 2,000 strata buildings worth around \$13.4 billion insured value containing some 20,000 residential voters.

¹⁰ Email – tsv.log.20@gmail.com

¹¹ Our body of evidence is still growing as more lot owners are sending us tax invoice information, We have just received 13 more buildings premium and sum insured documents. Making the sample group at 68 CTS buildings 12/5/2021.

¹² BIV = Building Insured Value or Building sum insured

¹³ A14.6.p33 – ACCC Rockhampton Line definition

¹⁴A25.3B. City Futures project page at cityfutures.be.unsw.edu.au/research/projects/national-strata-data-analysis

16. The ACCC indicate NQ as having 6,610 strata schemes in 2019. All have to be insured by BCCM law..
17. Numerous strata lot owners are saying they know or have experienced lot selling difficulties in obtaining desired sell price or no buyers interest due to the NQ insurance predicament. Some have mentioned \$100,000 value loss in their lot. For the NQ strata market valuation, a 10%-25% property value loss is our research estimate, this equates to around \$3.0 billion dollars in valuation damage is being caused by the Qld BCCM insurance regulations enforcement failures.
18. 17% of Australian population live¹⁵ in strata homes, these were once the most affordable national housing supply source and now may be finished as such in NQ. The aged, NDIS, families, retirees and singles may have to look elsewhere for cheaper accommodation needs in the future as the current NQ strata insurance affordability is discouraging new investment in new NQ strata housing stock. There is a perception the NQ home insurance predicament is denying NQ homeowners from participating in the Australian property boom of the last decade because the Rockhampton Line insurance barrier has kept customers south.
19. 14% of Townsville 186,800 population are estimated to live in strata accommodation.
20. Repeatedly since 2011 the Insurance coterie have proclaimed¹⁶ to the numerous governments inquires there is no insurance supply problem in NA. This can be now government disproved, If only the BCCM would disclose their NQ volume of ‘alternative insurance applications’ that the numerous insurance breached strata body corporates have reported to government. We bet all breached BCCM strata insurance applications are coming from north of the Rockhampton Line¹⁷.

Wrong numbers:

21. The ACCC reported to the Federal Treasurer that the average NQ strata insurance price is \$6,800¹⁸ which is nearly twice the rest of Australia (ROA)¹⁹ strata price of \$3,300. What is obfuscated here, is the ACCC failed to inform the Treasurer what these average strata prices apply to. Do these prices apply to either a strata building complex or to a single strata unit?
22. Our study finds the ROA single strata unit insurance is around \$516²⁰, the ICA has advised SEQ strata was once around \$534²¹ per lot. For Townsville, our study finds the average TSV strata lot insurance to be around \$2680 per lot. Our research indicates the NQ strata average insurance price is 5 times that paid by the ROA strata units. Intriguing the ACCC report numbers above appear to have inflated the ROA strata insurance price and deflated the NQ strata insurance price. If not corrected, this could create a distorted illusion that strata insurance pricing is not that bad in NQ. It would be good for all if the ACCC did these ROA and NQ averaged strata numbers again clearly depicting which is strata building and which is single strata lot.

¹⁵ A25.3A Higgins 2020 Australian strata statistics

¹⁶ A34.10.p4 – ICA 2018 to ACCC NAII stated Insurers have not left the market in northern Australia. No significant insurers have left the market in northern Australia in the past decade.

¹⁷ A14.6.p33 – ACCC use the 23.5° Tropic of Capricorn and Rockhampton latitude as the NA southern boundary. Many insurers use the 26th latitude as their NA insurance postcode northern supply boundary.

¹⁸ A14.6.p53 – ACCC the average for the rest of Australia of \$3,300. Average premiums were approximately \$6,800 in NQ.

¹⁹ ROA = rest of Australia = below the Rockhampton Line.

²⁰ City Futures project page at cityfutures.be.unsw.edu.au/research/projects/national-strata-data-analysis

²¹ A34.11 – ICA 2015 submission Northern Australia Insurance Premiums Taskforce The Treasury

Taxes and Commissions

23. Taxes, the ACCC reported per Table 3.7: GST and stamp duty revenue from all home, contents and strata insurance products supplied in northern Australia. For 2019 for NQ as follows.

- | | | |
|----------------------|-------------------|---|
| a. Stamp Duty | 9.9% | \$64.6 million |
| b. GST | 10% | \$ 65.3 million |
| c. Terrorism Tax | ? ²² | not reported by the ACCC? |
| d. Sales Commissions | 20% ²³ | \$130 million, in general the Broker/intermediary works for the body corporate and gets remunerated by the Insurer. |

24. More than 40% of a body corporate strata insurance tax invoice is consumed by others. This equates to

- ROA paying around \$206 tax/fees on their \$516 premium and NQ is paying \$1072 tax/fees on their \$2680 premium. This results in a nominal 436% tax/fee inequality north to south of the Rockhampton Line.

25. Good Brokers, Intermediaries and Body corporate managers who invoice their insurance sales remuneration fees and commissions separate from the insurance premium tax invoice, deliver their strata customers some 9.9% stamp duty savings. For example, a \$40,000 commission will deliver a \$3,960 stamp duty saving if invoiced independent of the insurance tax invoice.

26. House owners obtain no GST credits on their home Insurance, whereas many ABN body corporates do get GST credits on their strata insurance. In general, NQ delivers to government four times the tax collection per strata insurance policy than what SEQ²⁴ and ROA would pay. Some of these copious NQ tax funds should be reinvested to finance the modernisation of the BCCM and NQ natural peril disaster building mitigations programs.

27. We believe all Insurers collect GST credits on all insurance claims, the more claims paid delivers more credits claimed. The expensive insurance premium reinsurance costs we believe are a financial product with cost, but not with GST debits. The ACCC did not look at the GST funds spending balance for a typical disaster event cost and claims conclusion.

28. The ACCC reported ²⁵ \$4.2 billion in national Home-Contents-Strata claims costs were unable to be damage event classified. This is around 13% of the national claims total 2008-2018 total \$36.073 billion. (NA total unclassified claims were only \$40 million²⁶ for the same period).

29. Terrorism Insurance, the Federal Australian Reinsurance Pool Corporation (ARPC)²⁷, a public financial corporation operating with Government capital and backed by a \$10 billion Commonwealth guarantee. The Act is intended to be a temporary measure to allow the re-emergence of a private reinsurance market for terrorism risk. This 2003 Act has been temporary and has protected our insurers for 18 years now. Are the foreign insurers benefitting from this taxpayer support? From

²² ACCC - the Australian Reinsurance Pool Corporation (ARPC) was 2003 established to address a lack of terrorism reinsurance.

²³ ACCC NAI 2020 final report key Points 19 Page-501 and various other strata ratings web sites advise the same nominal 20%

²⁴ SEQ = South East Queensland

²⁵ A14.6.p129 ACCC Figure 5.15: Gross claims expense for all rest of Australian home, contents and strata products, 2008–2018.

²⁶ A14.6.p441 = ACCC Figure 16.18: Gross claims expense for strata products in northern Australia, 2008 - 2018, real \$2018–19

²⁷ A31.1 Terrorism Insurance Act 2003 – Review 2018 page-4

what our study has witnessed with this misfiring terrorism insurance cover is that no strata consumer has had disclosure transparency to explain the terrorism fee pricing mark ups and tax invoicing, nor does a PDS²⁸ exist explaining terrorism liability cover for proforma covers such as \$20,000 per dead person, \$200,000 per building damages, and if capped? At present the insurers are running this terrorism collection show without transparent fees disclosure and our BCCM have remained mute on how its strata insurance regulations and obligations to accommodate this terrorism insurance compliance.

Mother Nature:

30. The BOM reports 520 named cyclone events since 1967, with less cyclones this decade than the previous decades in NQ. The Insurance Council of Australia (ICA) and coterie have produced numerous billion-dollar natural peril disaster claims publications. See Appendix-B & C & D for natural disasters data obtained from numerous internet reports. We believe the intimidating data is unreliable as is not verified by government. Example, we find the following data conflicts on mother nature events and insurance damage.

- Eg-1 2017 Cyclone Debbie is ICA reported as causing \$1.565 billion in insurance losses with some 72,767 claims. Whereas the ACCC report page 210, only \$277 million for the 9,261 total claims costs.
- Eg-2 2019 Townsville Floods is ICA reported as causing \$1.269 billion in insurance losses with some 30,702 claims. Whereas the ACCC report page 204, only \$249 million for the 6,577 total claims costs.
- And the ACCC reported page 411, From 2008-2018 period, the total NA strata cyclone claims was 500 claims for \$17.9 million damages which includes cyclone Yasi (2011) and Cyclone Debbie (2017). The NA Flood claims were 75 claims for \$8.0 million costs for the decade for all Northern Australia. Townsville, we believe for the period had minuscule strata building damages and claims.
- A Federal Government Royal Commission briefing paper²⁹ cited Insurance Council of Australia (ICA) insurance supplied natural disaster damages information, that could possibly condition the Banking Royal Commission thinking on Natural Disasters Insurance. What content verification controls are in place to ensure such natural disasters data and information qualifies as accurate for inquiry and commission considerations?

31. Appendix-B, the Department of Home Affairs (DHA) Disaster Events data lists 556 natural peril disaster events since 2006. DHA list NSW as the most prone community for natural perils disasters event at 35% and Qld at 19%. DHA list Floods then Bushfires accounting for 70% of the national natural perils disasters occurrences. Cyclones provide a low 6% of national disaster events. We note NA & NQ may get the named cyclone, but in most cases, the following flood damage consequences are often delivered in the form of tropical lows forming south of the Rockhampton line and can deliver flood and storm damage all the way to Melbourne in some years.

- The insurance industry has also paid out significantly in claims following natural disasters. For example, insurance claims in the wake of cyclones Yasi (2011) exceeded \$1.5 billion and following widespread (Brisbane SEQ) NSW flooding of 2010-11 were around \$2.4 billion.

²⁸ PDS = ASIC stipulated PDS = Product Disclosure Statement, sadly replaced the previous "Derogation" requirements.

²⁹ A35.10.p3 2017 Royal Commission in Misconduct in Banking et al, Natural Disasters Insurance Treasury prepared background paper 20 undated –

And after cyclone Yasi, for example, the Australian Government³⁰ paid \$310 million in respect of 273,944 claims for disaster recovery, It is never made clear in the media announcements if Government disaster spending costs inflate the Insurance industry media claims cost values or are they excluded?

- **Anecdotal:** North Queensland homes are designed for tropical climates and tolerates numerous cyclones and 200mm rain events without disturbance. A 200 mmm rain event in Brisbane makes the front page of the news, up here it is ho hum. A cyclone makes the national news but does not make land fall. Damage yes destruction no, welcome to Northern Australia. Columnist must leave the climatic prejudice out of the Northern Australian insurance conversations.

32. Not well presented in the DHA data was the Hailstorms frequency and locations, this asks the question, does our Government have punctilious climate damage events details? Or does it rely on the Insurance Council of Australia (ICA) to continue to provide this natural peril detail and data that underpins so many natural peril disaster inquiries and consequential policy decisions of government.
33. This suspected defective climate data details and accuracies of natural disaster events is now acknowledged by Federal Government. In May 2021 they announced the formation of the new **Australian Climate Service**³¹ facility to better, faster and we trust will provide accurate climate and disaster impacts decision making data superior to how it had been made prior to this announcement. This is good, well done.

Regulations:

34. Q&A What regulator controls are in place that **“prevent home insurance prices from increasing when the insured risk has not increased”**?
35. Homeowners can simply drop out of the home insurance market to indicate their affordability choice. The ACCC reports 20% of NA properties, some 86,000 are non-insured and the ROA average uninsured is 11%. This evidence confirms NA residents have affordability issues with home insurance values, someone is getting the market wrong.
36. By law, regulations stipulate that all 49,821 QLD Community Titled Schemes bodies corporate **“must”** have BCCM regulated home strata insurance.
37. NQ strata owners therefore have no insurance product choice, they must buy “at any price”. perception is market signalled by our BCCM regulator. We believe our BCCM may have inadvertently signalled³² the strata insurance industry that the BCCM cannot help the body corporates with strata insurance supply consumer protections. The BCCM “Common Ground” published insurance market signals are:
- *“giving cover up to an agreed value”*³³.
 - *“two options: no cover at all, versus at least some cover”*

³⁰ Ibid page - 3

³¹ A5.9 Australian Government - BOM - Australian Climate Service media release.5th May 2021 .

³² BCCM Common Ground Newsletter No-22 August 2019

³³ Ibid

- *“alternative insurance should not be read as no insurance”.*
- *“a body corporate cannot comply with its insurance obligations, “clearly, it can if cover is being offered”.*

the BCCM PD-28 document³⁴ “Approval of Alternative Insurance” published the following insurance market signals as:

- *clause 3. “if the body corporate cannot comply with the required level of insurance, it may apply in writing to the Commissioner for authorisation to put in place alternative insurance”.*
- *clause 5.a “a proposal for a body corporate to ‘self-insure’ does not constitute alternative insurance and cannot be approved by the Commissioner.”*
- *clause 5.b “the fact that the required level of insurance coverage is expensive does not of itself mean the body corporate cannot obtain that insurance”.*
- *Clause 5.c “the approval of a request for alternative insurance does not constitute a ruling that the insurance is adequate or appropriate”.*

38. Strata insurance prices keep going up and the sum insured risk has no disclosed evidence of what risk element is increasing. ASIC we understand enforce the national insurance behaviours and conduct with the Insurance Contracts Act 1984. In testing this Act with the NQ market, we believe this Act is biased towards the back end “claims” aspects of the insurance contract and is not diligent enough at the front end “procurement” phase of the contract. Is who owns the insurance procurement agreement conversation? The customer or the supplier? Strata enforced insurance contracts seem to miss this fairness test and defies the proclaimed insurance code of practice “in utmost good faith” purpose. Houseowners have the freedom of choice to walk away from a bad home insurance agreement. NQ strata owners are not permitted that consumer freedom by our BCCM regulations. Our BCCM, our regulator takes no responsibility for their regulation’s failures that enable strata insurance price gouging and risk dilution consequences to occur in NQ.
39. The Royal Banking Inquiry 2019 made mention of the Regulators being too close to the Regulated. From our documents study we observed ICA fingerprints on some APRA, ASIC and BCCM media productions with a hint of endorsement. We think these closeness relationships should stop.
40. The Townsville Lot Owners Group have witnessed around 99% of Townsville Strata insurance premiums policies do not comply with the fifteen BCCM insurance regulations. Many have fine print damage liability price capping, many impose nonregulated non prescribed damage events conditions, huge reckless excesses, and various implied forms of “third line forcing³⁵”. The study group also went back to the market and asked numerous strata insurers for a simple “clean skin” BCCM compliant insurance, all declined to offer a compliant BCCM strata insurance. Online web home insurance quote engines make strata insurance applications so rigid they do not tolerate precise BCCM insurance product requirements. These web quote engines do try to upsell a BCCM hybrid inflated strata insurance product, that could expand their sales value process.
41. The ASIC Insurance Contract Regulations 2017 stipulates home insurance ‘standard cover’ as having some 39 prescribed damage events that are to be covered in a “standard cover” home insurance policy. Our Qld BCCM reduced the ASIC damage events criteria to 10 prescribed damage events. We note that Theft, Animal, Tree, Flood, and some other damage events are not prescribed. And neither ASIC nor the BCCM have ever prescribed “cyclone” as an insurable damage event. In NQ.

³⁴ A2.13 - BCCM Practice Direction-28 Alternative Insurance -28.07.2020

³⁵ Google = **Meaning of third line forcing** in English. **third line forcing**. > a situation in which a company will only supply goods or services if the customer agrees at the same time to buy other goods or services from another company suggested by the first one: Under Australia's competition law, **third line forcing** is illegal.

We believe every NQ strata insurance policy that has cyclone and cyclone excess imposed as a form of “third line forcing”, which we believe may be commercially illegal in the domain of the ACCC.

42. The Qld BCCM has 15 specified insurance regulations. For the 2020 BCCM Accommodation Module regulations only 3 of the 15 BCCM Insurance regulations require insurance product procurement, these are:

- [187] Common Property Assets (CPA) insurance
- [188] Building Insurance and
- [196] Public Risk insurance

The three products above are monitored and controlled by the four regulations below.

- [185] Definitions
- [186] AGM reporting
- [190] Building Insurance valuations
- [193] Excess

43. Cyclone and Flood cover are not BCCM prescribed as specified insurable damage events. Cyclone and Flood cover insurance are interpreted as optional, ie body corporate discretionary procured with AGM [186] controls and BCCM oversight. There is no evidence nor history of a NQ body corporate requiring a full replacement insurance from a flood or cyclone damage claim since 1997.

44. The insurers are forcing NQ body corporates to take out strata insurance with imposed cyclone cover with non-negotiable excess and “special” excess³⁶ obligations. These excess obligations per clause [193(1)] are tolerated as they are a BCCM permitted form of self-inflicted regulated “self-Insurance”.

45. Who is running the show? Insurance Binders, overseas and local insurance providers have rigid insurance supply “binder” protection agreements that dictate the strata insurance market supply capacity, terms and conditions and have no ability to comply with the BCCM regulations. This disrespectful behaviour is allowing an invasion supply of defective strata insurance products into NQ. The ACCC called them products of last resort³⁷. To test this claim, any Queensland body corporate should ask their broker, insurer and or body corporate manager *to provide a signed disclosure document for their AGM stating the proposed insurance products comply 100% with the 7 BCCM strata insurance regulations listed above. And that the insurance product offered has no sovereign risk of claims event payment failure.* This disclosure would greatly help the honourable unskilled body corporate volunteers to better understand their insurance PDS obligations. Better still, our governments should change the strata insurance regulations to either meet the foreign insurance binder demands or government, both levels must enforce, and insurance regulate properly and remove these NQ market restriction binders such as Cyclone and Flood and Postcodes.

46. The ACCC section 17.2, meekly condoned the Insurers for not complying with the BCCM insurance regulations by allowing the insurers to express their insurance products “innovations” to avoid derogations and beyond belief, the ACCC did not ask any insured strata customers were these insurance product innovations consumer beneficial?

47. Insurance companies that will not provide compliant BCCM strata insurance in NQ must be penalized for cherry profit picking the Australian home insurance landscape. Insurance existence

³⁶ Our study detected one in seven Big body corporates have an imposed aggregated excess of more than \$200,000, and 1 in ten Big body corporates have aggregated excesses obligations of more than \$400,000

³⁷ A14.6.p426 – ACCC ISR policies tend to be policies of **last resort**,

principle is about sharing the risk and Insurers buying the risk. If they cannot do this in the spirit of their Insurance Contracts Act 1984 “in utmost good faith” stipulation, then insurers should surrender their ASIC General insurance licence for gaming the NQ and NA Strata insurance market. We are not sure if our ASIC and BCCM allows the foreign insurance providers exemptions to comply with the General Insurance Code of Practice, and the consumer protections it offers.

48. The Australian Financial Complaints Authority (AFCA) report Insurance is the second biggest financial complaints collective in Australia, (AFCA report some 1,625 national home and strata insurance complaints registered federally in last six months of 2020, indicating some insured home owners are not happy somewhere in Australia.
49. The ACCC³⁸ report, insurers self-reported 31,186 breaches of General Insurance Code of Practice for 2019, up 128% on 2018. A paradox? this demonstrates the code is working well in reporting all complaints but is not working well in that the general insurance consumer world complaints are increasing pa meaning the code is not working.

The Facts:

50. The Australian Government Actuary (AGA) was commissioned to examine the causes of insurance premium increases in North Queensland in 2012 and 2014. The AGA produced three reports – two on strata title insurance (2012 and 2014) and one on home and contents insurance (2014)³⁹. Our AGA failed the impartiality evidence test as well. The AGA report they used only insurer provided data. The AGA did not use any NQ home or Strata tax invoices as valid consumer balancing evidence.
51. Where are the complaints? The ACCC did not report how many home insurance complaints have been made. No details of what type of complaints nor the analysis of the complaints. Nor did the ACCC report how many Alternative Insurance applications NA and NQ body corporates have applied for. Nor did the ACCC survey why body corporates and strata owners are not posting complaints with the AFCA regulator? Our study indicates an AFCA complaints system failing in that volunteer body corporate committees do not have skills and possibly the courage to file insurance complaints with the regulators. Discouraged may be the word we are looking for here.
52. **Cluster what?** In 2012 IAG Insurance submitted to the Treasury Residential Strata Title Insurance Inquiry⁴⁰ that strata clustering increases insurance risk. And went on to conclude that strata buildings have more damage risk potential than a single insured house. The IAG used a case study of an Airlie beach 197 strata unit building, \$150 million full replacement value insured building to illustrate the clustering and concentration of risk within this site creates a considerably higher exposure to an insurer. Yes plausible at the time. and the strata consumers there have paid the premiums for ever after. That strata building since then has been exposed to 2011 Cyclone Yasi, 2015 Cyclone Marcia and a near direct hit in 2017 with Cyclone Debbie. How much cyclone claims damage has been incurred? Was full insurance replacement value required? The ACCC reports NA had only 500 cyclone claims costing only \$17.9 million for the decade 2008-2018. This includes \$12.7 million for Cyclone Debbie. Standalone House cyclone damage claims for the same period was \$1400 million. We believe IAG got its 2012 cluster model wrong, and the strata owners in 2012 may have began

³⁸ A14.6 ACCC-2020 page-541

³⁹ A35.10.p16 201 Royal Commission in Misconduct in Banking et al, 2017. Natural Disasters Insurance Treasury prepared background paper 20

⁴⁰ A34.22 – IAG 2012 CGU Insurance Limited Submission to Inquiry into Residential Strata Title Insurance

paying premiums marked for this cluster excess damage prediction. Ten years of empirical claims damages testing, and analysis now prove that NA strata complexes are 98.7% more cyclone damage resilient than standalone exposed houses. NA strata clustering is now ACCC-2020 proven that strata buildings are an exceptionally low home insurance risk. The ACCC went on to prove that strata buildings are 97.8% more flood resilient than standalone houses.

53. A fire will destroy a building and a cyclone will only damage a strata building. The QFES⁴¹ has mandatory strata building fire safety regulations to ensure strata buildings are of less fire risk than houses. To date such regulations are working well, as we know of no fire event that has caused a NQ Strata building to make a claim for full replacement insurance.
54. Yet for natural peril disasters, we know of no record of a NQ strata building making a full replacement value insurance claim since 1997. This indicates the BCCM regulation [188] may have been 1997 originally designed to be “gold plated” for natural peril disaster events back then. Today proven in time, this natural peril damage event full replacement value is not economically designed for the building damage risk protection intended. Unregulated Natural peril insurance cover should be a body corporate “level of cover” decision and not the BCCM regulated full value replacement imposition.
55. The ACCC report references “*Source: ACCC analysis of data obtained from insurers*” some 199 times in the 592-page final report. The ACCC did not report on obtaining any NA actual insurance premiums tax invoices and policy documents from the strata insured community to balance all their insurer supplied data. The report sadly fails the consumer impartiality test necessary for trusted and truthful insurance investigation outcomes.
56. The ACCC report Table-16.2, that there are 6,610 Strata schemes in NQ, and that 83% are ten or less lots per Strata complex. This data deviates much from the BCCM 2016 CTS Qld statistics that place 65% of all Strata complexes as having more than ten lots.
57. The BCCM “Common Ground” report a Community Titles Scheme decline of 625 schemes, (15,975 lots) have left the Queensland economy in 2020. The ACCC report Figure-16.27: indicates for 2019 a 30% decline in new strata building insurance policies in NA. Which is nonsensical. Every existing body corporate must have compulsory insurance renewal each year. To have a decline in the mob, means more body corporates must have shut down than new ones entering the strata insurance market.
58. For the period 2007-2019 the ACCC reports per Figure 6.8 NA strata insurance gross premiums earning were \$519 million and per Figure 6.18 reports claims are \$199.9 million. This results in an insurance gross loss ratio Strata GLR of 38.5% which means the insurers derive a 61.5% gross profit margin in NA. Incredibly the ACCC report a different Strata GLR of 74% for NA and 56% for ROA. The gross profit truth is distorted for NA. The local study sample found the Townsville to date, illustrates Townsville Strata GLR to be around 10%, which indicates a 90% gross profit margin for Townsville strata insurers. The ACCC⁴² reported in their insurance data collection processes that “*instances where not all insurers were able to supply the information we requested, particularly in relation to premium components and premium adjustments. Our analysis and findings should be*

⁴¹ Queensland Fire Emergency Service.

⁴² A14.6p36 ACCC-2020 NAII report “information collected.”

interpreted in the context of these limitations!” It would appear the ACCC accepted this inquiry impairing behaviour!

59. We encourage all body corporates to get a hold of the insurance claims history for the last five years and do two things, (1) check it is correct and (2) compute your GLR and do this every year as a standing motion in your AGM. This ensures improved insurance performance visibility to all strata owners and informs prospective new purchasers that insurance performance is actively body corporate monitored annually.
60. The ACCC report per chapter 3.0 that:
- NA Home Insurance increased 178% from \$680 in 2007 to \$1900 in 2019.
 - ROA Home Insurance increased 52% from \$592 in 2007 to \$900 in 2019.
 - NQ strata insurance increased by 300% from 2007 to 2012. The ACCC **did not** report any strata price or percentage increase numbers from 2012 to 2020, an amazing data omission occurs here. No starting 2007 NQ strata average insurance price and no final 2020 NQ average strata insurance price or compounded % increase have been reported to the Federal Treasurer and to our NQ Politicians to enable them to better understand our NQ history of strata insurance pain!
61. Then the ACCC produced an annoying strata price obfuscation by reporting the average 2019 NQ strata insurance is \$6,800 and for ROA it is \$3,300. But as mentioned earlier in above in this paper. The ACCC does not report if these two averaged strata prices are for a single lot or for a whole strata building complex. These two average insurance prices as presented are therefore meaningless to the Northern Australia Insurance Inquiry objectives.
62. What is striking in the ACCC report is from 2008-2018 for the nominal 300,000 body corporates, they depict the national body corporate cyclone losses as \$1.7 billion, flood as \$1.82 billion and incredibly, theft losses are near double at \$2.68 billion and fire damage losses are higher at \$5.57 billion. Interestingly, NA Strata cyclone loss is \$17.9 million, Flood is 7 million and Theft is \$300k.
63. The ACCC did report per Figure-3.32: The average premium and premium per \$1,000 insured for strata insurance 2019. This ACCC average premium is a “normalisation” home building insurance comparison method that divides the Risk purchase premium \$ by the Building Sum Insured Liability \$ amount. Then multiply this risk/liability ratio by 1000. This derived factor can be now called the Australian Home **Affordability Insurance Factor** (AIF). One can now use this AIF to equally compare building risk insurance costs anywhere in Australia. (see Appendix-E.)
64. The ACCC reports per Figure 3.33: the national ROA strata insurance average premium per \$1000 sum insured AIF = 0.99 in 2019. , example for a ROA \$250,000 building sum insured single lot, the premium will be around \$250.00 pa. For a ROA \$10 million building sum insured strata complex, the premium should be \$10,000 pa. both strata scenarios have the same affordability factor of 0.99. For NQ, the ACCC Figure 3.33 AIF is 2.6 which means a \$10 million building sum insured strata complex is paying a strata premium around \$27,000 pa.
65. But our Townsville strata study case produces a tax invoice evidence affordability average AIF of 5.2 which is closer to the “as found” study mark for a \$10 million building sum insured building in Townsville or NQ or NA, who will be paying around \$52,000 insurance premium pa. The ACCC should be using this AIF=5.2 affordability factor as proof NQ does have a real insurance affordability problem that can now be measured. The ACCC report has deflated the real insurance affordability in NQ for strata buildings. Why?

66. If our ACCC cannot precisely report the following five strata economic data sets for the last decade

- the actual number of Strata buildings in NQ pa.
- The actual number of Strata lots in NQ pa.
- The total strata insurance tax invoiced premiums paid in NQ pa.
- The average strata scheme and average lot NQ prices paid pa.
- The actual number of NQ strata insurance claims made and paid pa.

Then the NQ residents and political decision makers have a regulatory information feed problem that the federal regulators do not actually know what is going on in the strata insurance market in NQ. If this above data were publicly available, the entire ACCC inquiry may not have been taxpayer required in the first place. Having relevant NQ strata insurance facts made available in the public domain would enable all strata insurance market participants to make better strata insurance outcome decisions and could have done this so easily a decade ago and extinguished the affordability problem back then.

67. Because the ACCC cannot assemble and present the NQ Strata insurance facts, our strata community must seek consumer protection from our Qld BCCM regulator who controls our home strata insurance world. We need the BCCM to responsibly hold regulated copy of every strata insurance tax invoice record to make sure our BCCM is monitoring its regulated strata insured flock. Actively monitoring from day 1 of the Act 1997, would have avoided the NQ insurance affordability pains of the last decade.

68. The Townsville strata collective building insured value is estimated \$13.4 billion. Our study indicates Townsville generates an estimated \$54 million pa in premium revenue for the insurers. The ACCC indicated the whole of NA generates around \$60 million. We find a big discrepancy in the accuracy of NQ and NA annual insurance premiums harvest that NQ and NA strata locals fund every year.

69. Suncorp have reported that NQ does not have a pricing problem it has a risk problem. Without evidence we think Suncorp is wrong for producing this economy damaging remark about our NQ and NA. 1/18th of Australia's population lives up here.

THE REAL PROBLEM

Suncorp notes concerns that are raised from governments, communities and customers about the cost of insurance in this important region. There is no doubt that people in Townsville, Darwin and Broome are paying on average more for home insurance than those living in Brisbane, Sydney and Melbourne.

However, it is important to understand that price is merely the symptom.

Northern Australia has a risk problem, not a pricing problem.



70.

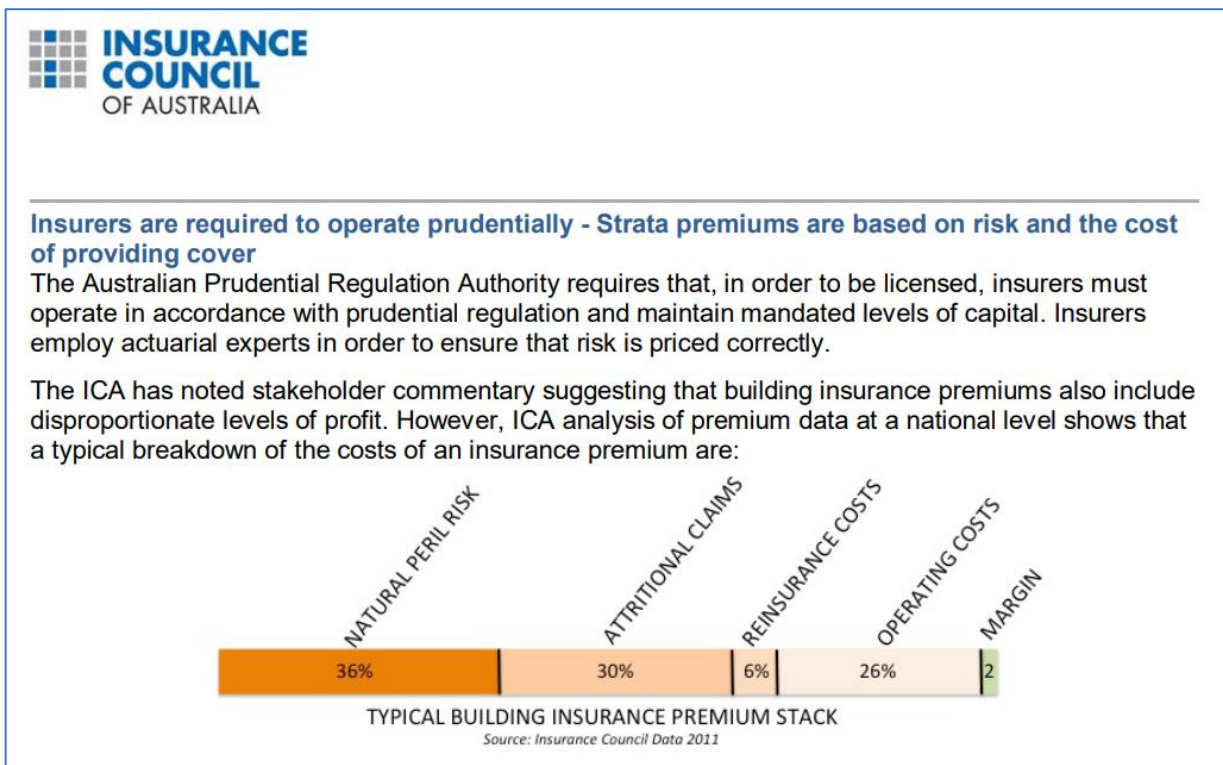
Legislation

71. The QLD Fire Emergency services is a good regulatory model where “proactive” fire regulations protect our community. We understand our QFES have regulatory enforcement powers to visit, inspect and discipline non-conforming body corporates and non-compliant suppliers and contractors who could put at risk building fire safety. Plus, QFES also has unique volunteer support and protection regulations to harness the volunteer contributions to further support the QFES community fire safety objectives. Plus the QFES account and report every fire occurrence in their annual report to government and public.
72. The recent Aged Care Royal 2020 commission has now addressed their organisational management capacity constraints starting with the changing from a single incumbent commissioner to a management team of five specialist commissioners. More organisational horsepower we hope. 21% of Queensland 498,000 strata resident population are aged over 60, the elders may need some regulated home insurance affordability protection to enable them to reside and enjoy their strata homes long as possible.
73. Australia’s health insurance and car insurance have nationwide uniformity in pricing. National health insurance also has regulatory controls on price increases. At state level, our Queensland Government has its own stable of insurance providers such as Work-Cover, QBCC and the Queensland Government Insurance Fund. The regulatory insurance talent that exists here could support our BCCM. Not all insurances issues require Federal insurance regulation, enforcements, or interventions. And our Health insurance and Car Insurances function well and are nationwide and do not experience the Rockhampton Line type trading barriers.
74. Our BCCM is in control of the Queensland \$203 billion dollar community strata residential housing economy. We believe our BCCM has a staff of around 30 people and a single commissioner. A rule of thumb for organisational populations is around one person per billion-dollar assets under control. At present the BCCM has an estimated 100,000 body corporate committee volunteers under regulation to perform and comply, yet there is no obligation nor commitment from the BCCM to protect these important committee volunteers. We believe the BCCM has not truly opened and rolled out the contents of the BCCM Act 1997⁴³ nine “secondary object” obligations toolbox. Namely consumer protection and committee discretions empowerment to decide and push back on insurance issues under the banner of changed circumstance being permitted under the Act.
75. Our BCCM requires a “legislative modernisation program” to accommodate full delivery of the Act secondary objects, to protect and appreciate the volunteers and empower the body corporate committees with the AGM controls and the BCCM oversight to rest back control of the NQ strata insurance supply with regulated and unregulated insurance product choice discretions being made at the committee level.
76. The BCCM has to modernise. The BCCM has been mute since 2010 on our troublesome NQ strata insurance matters, the BCCM has missed many opportunities to comment, participate and advocate on the 436 northern Australian insurance recommendations for the last decade. The current NQ strata insurance problem is not going away until the BCCM takes back ownership and delivers strata community leadership. By modernising the BCCM it enables the BCCM to strategically catch up on fellow Queensland and Federal departments who are actively future proofing their public service departments for climate and social changes and challenges.

⁴³ Qld Body Corporate and Community Management Act 1997 – part-2 [4] secondary objects

Premiums: The Fix

- 77. The ACCC average premium per \$1000 sum insured, home affordability Insurance factor ROA AIF = 1.0⁴⁴ for the 300,000+ strata buildings in the rest of Australia. And ROA Houses AIF=2.0⁴⁵. Our study to date confirms and agrees with both ROA home insurance affordability factors.
- 78. For the NQ AIF we have a disagreement that the ACCC report a AIF = 2.6⁴⁶ and our NQ study reports an AIF of 5.2. We will use the AIF = 5.2 as we have seen enough tax invoices to proceed with this NQ insurance affordability factor as solid.
- 79. **Example** - A \$20 million ROA strata sum insured building would pay \$20,000 pa insurance premium for standard cover. The same equivalent \$20 million sum insured building in NQ would pay \$104,000 pa. What changed? The buildings are “**materially**” the same. Basically the building above the Rockhampton line pays the same \$20,000 for the building sum insured ROA AIF equivalent, and then pays an additional \$84,000 for the natural peril disaster perceived risk for damage.
- 80. How did the insurers work out this \$84,000 extra risk component value and justify such a lop-sided invoice for its workings are never disclosed.?
- 81. However, the ICA did present the premium design “stack” pricing model figure below to the House of Representatives Standing Committee on Social Policy and Legal Affairs, 2012 Inquiry into Residential Strata Insurance affordability. The ICA analysis of premium data “stack” at a **national level** shows that a typical breakdown of the costs of an insurance premium “stack” as,



⁴⁴ A14.6.p82 ACCC Figure 3.33: Average premium per \$1,000 sum insured for strata insurance, 2007–2019.

⁴⁵ A14.6.p63 ACCC Figure 3.11: Average premium per \$1,000 sum insured for home and contents insurance products, 2018–19.

⁴⁶ A14.6.p82 – ACCC Figure 3.32: Average premium and premium per \$1,000 insured for strata insurance, 2019

82. To apply the national “typical building premium stack” model above to our example. We need to split the NQ \$104,000 premium example used above prices as follows, Portion A = \$20,000 and materially equals ROA AIF=1. Portion-B then becomes the \$84,000 NQ premium penalty portion for strata living in Northern Australia.
83. The NQ strata property exemplified above purchased portion-A should provide the insurer a “stack” 2% profit margin for supplying this premium that factors in 26% operating costs, 6% reinsurance costs, 30% attritional claims costs and a 36% natural peril disaster protection all for the same ROA material sum insured price. This works and is fair and this “stack” has proven to deliver ROA strata affordability since 2007⁴⁷.
84. The NQ outstanding penalty Portion-B \$84,000 could be paid as 4.2 times Portion-A equivalents that delivers a (2% + 4.2x2%) profit upgrade for the insurer, now as a 10.4% profit on the \$104,000 NQ premium. To continue the pain, the NQ revised reinsurance costs would then become 31.2% in this premium “stack” model multiple format.
85. Alternatively, the NQ property buys the standard ROA stack portion-A for \$20,000, which covers all the insurer’s costs of business as per the stack above. The Portion-B **\$84,000** then becomes a free standing **uncoupled** unregulated 100% natural peril risk disaster cover premium. Which is the only risk variable and is insurer penalty priced at a specific AIF = 4.2 unique to NQ.
86. For Natural Peril Risk and Reinsurance costs listed above in the stack, we believe three things happen here, dot point 4 we are not sure.
- the insurer predicts what the natural peril(s) disasters will be a year ahead.
 - The insurer factors in the price peril funding pool insurance model and invoices strata’s accordingly.
 - The event occurs and the insurers pays out as insured as policy agreed.
 - The insurer predicted wrong, and the disaster event(s) does not occur. Do the insurers give the insured a refund? The Banking Royal Commission mentions it was financially not right to charge fees if no service is delivered. 15 cyclones were media predicted and modelled for 2020⁴⁸? Not all made it, yet the NQ strata insured may have already paid damages protection for the 15 cyclones still on their way.
87. In summary here, we believe the insurance industry for the last decade has struggled and found it too hard for the insurance companies to predict and model the natural peril disasters risks and consequences. We believe the BCCM should enforce its incumbent regulations and take all-natural peril disaster insurance unregulated requirements off the table, (ie cyclone and flood banished). This action then allows the insurers to multiply and compete and provide for the lower risk and better understood BCCM regulated insurance 10 damages events as prescribed. This is achievable as is now proven by the ACCC promoting the ROA AIF =1 as adequate and affordable for all of Australia.
88. Using the example above **\$84,000** uncoupled unregulated 100% natural peril risk (cyclone, flood) disaster premium penalty **Portion-B** with its NQ specific AIF = 4.2. The body corporate is then able to seek an AGM decided natural peril damage insurance cover at a price commensurate with the sum to be insured. The body corporate can seek such unregulated cover either from the incumbent NQ insurance fraternity or explore Mutual Insurance or Self Insurance or seek emerging cover from the

⁴⁷ A14.6.p82 ACCC Figure 3.33: Average premium per \$1,000 sum insured for strata insurance, 2007–2019.

⁴⁸ A11.15 University of Newcastle September 2020

forthcoming newly announced (2021) Federal Government \$10 billion Natural Disaster Reinsurance Pool using proven co contributions models.

89. **NA Reinsurance** – 3rd time lucky? In 2011 the Natural Disasters Insurance Review (NDIR)⁴⁹ after the Qld flood disasters proposed a government funded discount and reinsurance system, killed off by the Productivity Commission. In 2015 the Northern Australia Insurance Premiums Taskforce (NAIPT) proposed NA home insurance solutions in using the Commonwealth Balance Sheet for reinsurance pool or a mutual insurance pool, killed off by numerous insurance against submissions⁵⁰. The Federal Government has recently announced a national \$10 billion reinsurance fund for natural disasters is to be established. This is good.
90. The \$10 billion Government Australian Reinsurance Pool Corporation (ARPC) was established in 2003 to address a lack of terrorism reinsurance, to date has been successful, the three subscription options have grown the reinsurance fund some 30% to more than \$13.5 billion. It works and the insurance companies enjoy this support and protection and profit. Who would have said Federal intervention into insurance markets is a bad thing.

Mitigation:

Mitigate what?

91. Who has all the information on disaster damaged buildings?
92. Who decides what gets mitigated first?
93. Can the strata bodies corporates join in?
94. **Information.** Good information enables good decisions. And old MBA adage “If you cannot measure it you cannot manage it”!
95. **WHAT IS POLICY-IN-FORCE DATA?**
Policy-in-Force (PIF)⁵¹ data is information that describes the actual purchasing of insurance products by policyholders at address level. This data allows users to avoid speculative and extrapolated assumptions about insurance premiums based on media reporting and individual quotes, by referring to the actual purchase of a product for a building or other insured asset.
PIF 2019 comprises 12.9 million geocoded policy records for Australia, representing an estimated 96% of all policies currently in force. Policies include commercial, strata, home, contents, landlords, SME and ISR. Each policy record relates to a single building and contains the following key points of information: • Building year of construction • Sum-insured purchased by customer • Excess amount selected by customer • Premium paid by customer.
96. PIF⁵², Policy in Force Data. This new data is crucial evidence to understanding the nature of insurance pricing in Queensland and to designing a response where one may be needed. ICA

⁴⁹ A35.10.p6 2017 Royal Commission in Misconduct in Banking et al, Natural Disasters Insurance Treasury prepared background paper 20 undated –

⁵⁰ Ibid

⁵¹ A10.32 – ICA 2019 Mitigation and Policy in Force Analysis paper

⁵² A34.11 – ICA 2015 submission Northern Australia Insurance Premiums Taskforce The Treasury

members have provided ICA with address level policy data in Queensland for over **900,000** individual home building and residential strata buildings.

97. At a 2019 Insurance Hazards conference. An APRA made an on stage a 2019 Climate Change public comment⁵³ *“That more spending was needed on climate risk mitigation and protecting Australia’s north against natural disasters, APRA said the fundamental problem facing Australia’s insurers was increasing occurrence and severity of natural disasters. And went on and mentioned “Hundreds of millions of dollars each year are spent on disaster funding, about 97% is spent towards clean up and recovery, with only 3% directed to mitigation and prevention”.* Addressing this imbalance, APRA’s public endorsement here did not propose any solutions.
98. There is a federal Australian Disaster Resilience Knowledge Hub. The Federal Government Department Home of Affairs hosts the “Australian Emergency Management Institute” (AEMI) which we understand collects disasters data for government. The Federal Productivity Commission (PC) reports⁵⁴ that there are two main sources of publicly available Australian data on natural disasters: the Insurance Council of Australia and the Australian Emergency Management Institute.” The Productivity commission prefers to use the ICA disasters datasets as is complete, the AEMI data sets are inferred as poor quality. No comments were made about veracity of the data used by our PC.
99. Our study believes it is time the home insured mitigation nation needs a government natural disaster **“Oracle”**
100. To better protect our trillion-dollar home assets market from natural disaster damage. A national repository is required. To store, record and verify all-natural disasters events, claims cost and clean up damage consequences to street address level. Creating such a public access trusted repository will enable better national, state, local council, and homeowner disaster mitigation decisions to be made. The wider billion-dollar mitigation participant community would also benefit from access to such street address damage incurred and if reoccurring data. Our Federal government has already moved with the **Australian Climate Service** initiative, now we need the ICA to join the national mitigation effort and contribute their ICA PIF data once it has been verified. Only the property owner is qualified to validate the PIF held street address insurance data is correct. There is no consumer protection here if the consumers cannot access and correct their property PIF insurance data is correct. A possibility of some typo errors existing amongst the 900.000 Qld PIF classifications may cause wrong property risk premium perceptions, calculations and over payments.
101. Since **2013**, the Federal Government has committed some \$30 million mitigation spend to the Queensland Government under the Natural Disaster Relief and Recovery Arrangements (NDRRA) program to support local projects that build the disaster resilience of Queensland communities.
102. A Suncorp/KPMG 2014 paper⁵⁵ promotes a mitigation benefits cost ratio that depict for every \$1.00 cyclone mitigation dollars spent, \$2.40 is avoided in cyclone recovery losses.
103. Since 2015 the ICA⁵⁶ wanted a Government mitigation to spend \$361 million for a Mitigation Assistance Scheme MAS program to retrofit vulnerable buildings.

⁵³ A4.5 The Australian 25/9/2019 APRA Natural Disasters a growing risk. Insurance Hazards speech. 2019 A4.7p 2019 APRA conference insurance warning

⁵⁴ A35.0p19 Productivity Commission Natural Disasters Funding Arrangements 2014 box.3.1

⁵⁵ A34.3 Suncorp/KPMG paper 2014 Mitigation Strategies Benefit Cost Ratio page 243/288

⁵⁶ A14.4 ACCC-2018 NAII report page 244

104. 2019, The ICA⁵⁷ wants the government to fund a \$20 million new “Geoscape” National Building data base to improve building mitigation. Their paper demonstrates a sample street address home insurance profile in Cairns. The ICA have requested that Councils and Government to freely contribute and populate their Geoscape product, with no mention of title or public access and mutual benefits of sharing their taxpayer provided data base.
105. Can the NQ body corporates join the national mitigation conversations and efforts with funds and people? We believe all home insurance data collected by the ICA has been already paid for in full by all policy holders. If the national researchers, building designers and Body corporates et al, could get their hands on the national libraries of premiums and claims histories as mentioned above. This would allow body corporates to better plan natural disaster building resilience programs. The Qld body corporates have a matured AGM process that would easily accommodate sinking fund mitigation budgeting with the in-place AGM spending controls and governance ensured BCCM oversight. Bodies corporates could co-fund mitigation programs of say \$1 per \$1 with State and Federal support that would benefit the strata residents, lower the strata risk for the insurers and reduce the clean-up costs for governments.
106. National Home Insurance Data base. It is suggested Federal and State governments should hold off on new mitigation funding until some clarity of who owns the title of the information, public access, insurance benefits and conditional that ICA share its PIF data bases with government and all stakeholders. Such will enable valid natural fact checking at street address level and then will quickly qualify the data base as a national mutual treasure to underpin all future natural disasters mitigation policies and strategies with a much higher data confidence.
107. The Economist⁵⁸ claim “*The short-term nature of most insurance contracts deters insurers to invest in mitigation investments due to their competitive nature they cannot guarantee return on mitigation investment if a consumer goes to another insurer*”.
108. To date, strata fire risk mitigations and wider community natural peril disaster mitigation efforts and expenses we believe are being consumed and not premium rewarded by the insurance industry.

What we want fixed.

109. The BCCM to modernise itself and its the strata insurance regulations.
110. The BCCM to repair the NQ strata insurance market is regulates.
111. Removal of the Rockhampton Line
112. Invite the ACCC to visit Townsville NQ and repair their report with our ‘solid’ data.
113. Upgrade the 24-year old BCCM Act from being a legislative constrained reactive “disputes regulator” to becoming a modernised and set free “proactive” advocator, empowered to grow and future proof the \$203 billion Queensland community titles strata economy.

⁵⁷ A10.29 ICA Mitigation PIF Policy In force Analysis 20.12.2019 Geosource Data Globe paper. 21 pages

⁵⁸ The Economist 21.11.2019

114. We want the BCCM three regulated insurance products compliance to be enforced onto the insurance suppliers.
115. We want the BCCM Act 1997 “secondary objectives” AGM community discretion to elect what level of “unregulated” non prescribed natural peril insurance cover (flood and cyclone) we want and where we source it from.
116. We want our BCCM to deliver on the BCCM Act 1997 nine secondary objects.
117. Would like the BCCM to review all 436 recommendation of the last decades insurance, natural disasters inquiries and royal commissions that may impact on the BCCM regulated strata insurance consumers. And then advocate the implementations as required to the QLD strata owner audience.
118. We want our BCCM to advocate and protect the 100,000 body corporate volunteers who promote and obey the BCCM regulations. I.e. join us to fix this insurance plight in NQ.
119. Like our QFES annual fire safety monitoring, we want our BCCM to consumer connect and inspect all strata insurance records annually. This strata insurance condition data base monitoring will better connect our regulator to the regulated. Someone is then listening and witnessing.
120. Federally, we would like APRA to separate the national “regulated” Strata Insurance accounts from the National “unregulated” Home insurance accounts reporting’s. We, like our ACCC struggled at times to interpret the vagaries between the two accounts in the data the ACCC report presented.
121. BCCM Option-2: Do nothing – the consequences are too numerous to list.

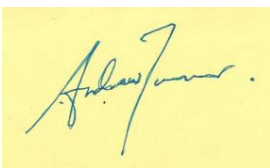
Conclusion

122. The NQ insurance supply crew have had a decade on the inquiry stage advocating all is well for the NA home insurance market. Time finally has proved them wrong as the 2011 insurance market failure has continually escalated in that time and is tired of appeasements. 12 inquiries and 436 recommendations over this same period empirically indicate our insurers are struggling to natural peril disaster insure NQ and NA. Is it time now for governments to stop listening to the ICA and start regulating the ICA?
123. Our strata insurance market failure could be defined as the NQ (& NA) strata home insurance consumers cannot get affordable supply and compliant and optional insurance cover when compared to the ROA strata insurance cost and risk baselines and standard covers.
124. The NA natural peril disasters risks have not increased. Insurers lack NQ consumer empathy in how the risk premiums are modelled, predicted, and invoiced. NQ premiums may have been wrongly paid for in advance of the disaster event not occurring.
125. **Certainty:** The ACCC reports the rest of Australia strata buildings have a long history of having a settled insurance affordability factor of AIF=1. It works well as no complaints and the insurers have long time held all the ROA risk certainties under control. Above the Rockhampton Line the ACCC reported the insurers bemoan how uncertain the natural perils risks are. ‘*Natural*

peril models are inherently uncertain. Mother nature is difficult to estimate—it is hard enough coming up with a two week weather forecast let along a long term cost of damaging weather.... The range of possible values for natural peril models can be large. It is not uncommon to get ranges of estimates from.... experts where the highest estimate is double the lowest estimate....this conveys the degree of uncertainty possible in these models⁵⁹. By taking the full replacement unregulated cyclone and flood natural peril risks off the NQ strata table and out of their risk and pricing model and responsibility will reduce the Insurer’s risk exposure, reduce their premium prices and deliver reliable profits at the ACCC proven ROA AIF = 1.0..

126. The BCCM must transform from being a reactive “disputes” regulator to become a “proactive” billion-dollar strata community advocator, protector and promoter of the CTS strata community economy in Queensland.
127. The BCCM is not alone, others have fixed their home insurance problems. *USA Insurance is regulated by the states. This system of regulation stems from the McCarran-Ferguson Act of 1945, which describes state regulation and taxation of the industry as being in “the public interest” and clearly gives it pre-eminence over federal law. Each state has its own set of statutes and rules.*
128. Fixing the NQ and NA home insurance market will deliver mutual benefits of cost reduction for the homeowners and risk reduction for the insurers. It will also reduce the insurance noise in our politicians in trays.
129. Any “regulated” Community Titles Scheme lot owner who is getting strata insurance with an affordability AIF close to 1.0 are fortunate, those with an AIF much larger than 1.0, should ask their insurance provider and the BCCM to explain why?
130. A lot of work needs to be done by our BCCM to catch up and then position itself better to lead the huge Queensland CTS strata economy. Once the NQ strata insurances affordability problem is fixed. NQ should then prosper like the rest of Queensland below the Rockhampton line.

That’s all for now.



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⁵⁹ A14.6.p93 – ACCC

Caveats.

This above “community service” paper is a volunteer lot owner body corporate strata awareness paper. It requires more hours of report polishing but we do not have the time nor the presentation skills nor the resources to have others do it for us.

The content presented above is based mostly on analysing the ACCC report and pickings from some 340 odd government reports, inquiry submissions, media reports and the like. All internet available. This paper’s purpose is to stimulate strata community government regulatory insurance repair plans for NQ and NA. We hope some of this repair intervention will deliver home insurance improvement to for our fellow NQ and NA housing and strata communities.

This paper’s facts and details could be strengthened and much more meaningful if our BCCM regulator could recalibrate and or substitute all the numbers used in this report using better accessed government data sources as we believe much of the internet and insurance supplied data presented here is dubious at best. Our body of tax invoice evidence data is cash paid solid.

An additional caveat copied from a 1649 caveat extract from Peter Fitzsimons book Batavia. ISBN: 9781864711349, has the same application today.

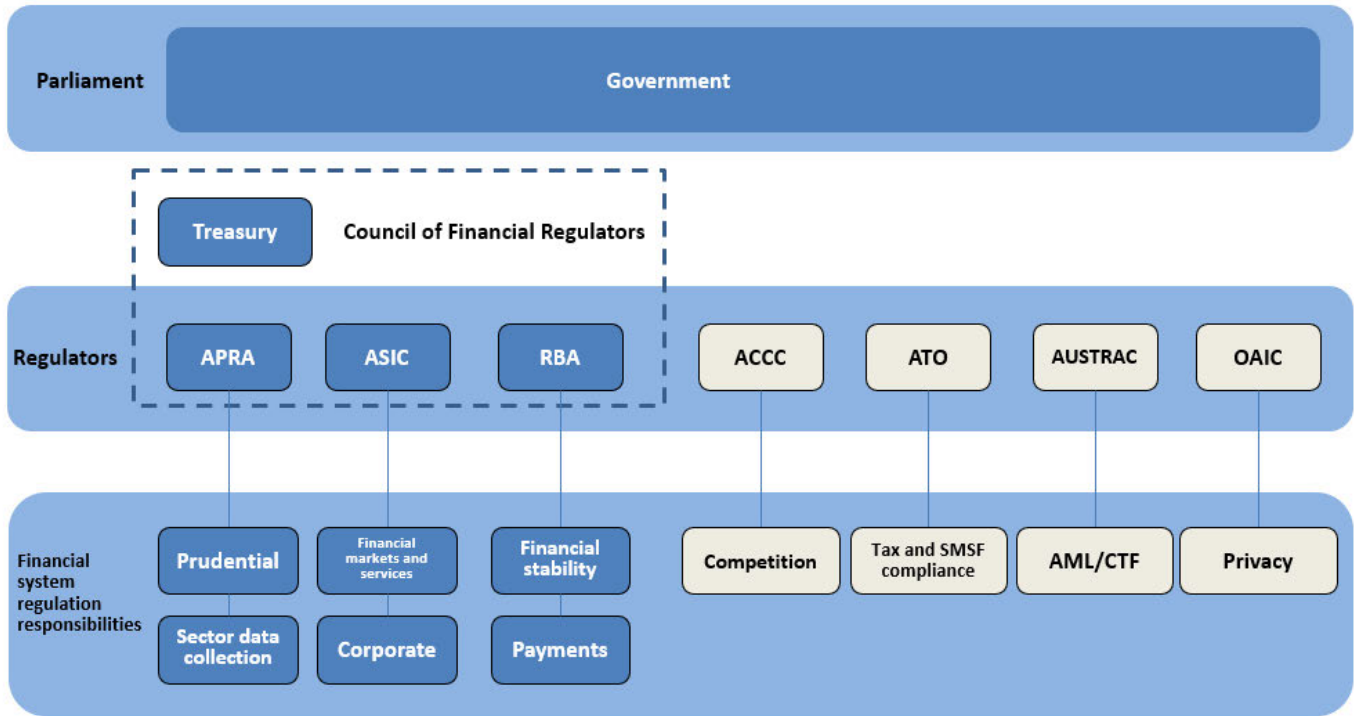
similar struggles have been going on for 350 years. In a closing note to the first edition of the *Ongeluckige Voyagie* in 1647, Dutch publisher Jan Jansz wrote:

The want of a continuous record has prevented my polishing this story in such good order as I had wished. I would, therefore, request anyone who should be in possession of further information or notes to place them in the hands of the printer, so that they may be added to a second edition. For the same reason, I trust that the deficiencies of my work will be excused. With this I bid the reader farewell, recommending him to read all with judgment and discrimination.

Should any lot owner or body corporate wish to share their NQ strata insurance pain and support our growing NQ strata insurance and war stories evidence and monitoring collection. Please email your strata insurance tax invoices, strata claims history and strata policy PDS documents to the above email address. If we detect any BCCM non-compliant insured items in your policy documents, we will report back to you such detections. At all times your name, data and strata building information will remain private and confidential. If asked by the regulators to share our collection of “real evidence” we will ask each contributor for their approval to disclose any strata data of private nature.

Appendix-A: Australia’s Financial Regulatory framework.

Australia’s financial regulatory framework



Appendix-B: Australian Natural Disasters Web site investigation

Table-T13:
Web search results of Australian Natural Disaster reported events Costs and Frequencies last 53 Years

Period 1967-2020	Disaster Events	Non Disaster years	Hailstorms	Bushfires	Floods	Cyclones	Storms	Earthquakes
53 Years	Some years have multiple events							
Event Quantity	74	31	10	6	8	14	4	1
Event Damage total	\$63.5 Billion	\$0 B	\$19.1 B	\$7.2 B	\$12.4 B	\$16.18 B	\$4.2B	\$4.3B
% of Total Damage	100%	0%	30%	11%	20%	25%	7%	7%
\$ Cost per event		\$0.0B	\$1.9B	\$1.2B	\$1.6B	\$1.2B	\$1.1B	\$4.3B
National Disaster event probability per year		58%	19%	11%	15%	26% (TSV=7.5%)	8%	2%

Appendix-C: Australia's Insurance Natural Peril Disasters Billion Dollar Club

Year	Damage \$ million	Event	Location	State
1999	\$ 5,600	Hailstorm	Sydney	NSW
1974	\$ 5,100	Cyclone Tracy	Darwin	NT
1989	\$ 4,300	Earthquake	Newcastle	NSW
1974	\$ 3,160	Flood	Brisbane	Qld
2010	\$ 2,387	Flood	Brisbane	Qld
2019	\$ 2,325	Bushfire	Vic NSW Qld SA	Vic NSW Qld SA
2011	\$ 2,307	Flood	Brisbane	Qld
1985	\$ 2,274	Hailstorm	Brisbane	Qld
2007	\$ 2,190	Flood	QLD	NSW
1983	\$ 1,761	Bushfire	Vic SA	Ash Wednesday
2009	\$ 1,760	Bushfire	Vic	Vic
1990	\$ 1,681	Hailstorm	Sydney	NSW
2020	\$ 1,660	Hailstorm	NSW.Qld.Vic	Three
2010	\$ 1,630	Storms	Melbourne	Vic
2010	\$ 1,625	Hailstorm	Melbourne	Vic
2011	\$ 1,610	Cyclone Yasi	Cardwell	Qld
1967	\$ 1,595	Hailstorm	SEQ	Qld
2017	\$ 1,565	Cyclone Debbie	Queensland	Qld
2014	\$ 1,530	Hailstorm	Brisbane	Qld
1973	\$ 1,492	Cyclone Madge	North Australia	NT WA Qld
2018	\$ 1,357	Hailstorm	Sydney	NSW
2010	\$ 1,350	Storms	Perth	WA
1967	\$ 1,281	Bushfire	Vic NSW Qld SA	Black Tuesday
2019	\$ 1,269	Flood	Townsville	Qld
2014	\$ 1,188	Cyclone Oswald	Gulf County	NT Qld NSW
2010	\$ 1,053	Storms	Perth	WA
2010	\$ 1,044	Storms	Melbourne	Vic
1970	\$ 1,001	Cyclone Ada	Whitsundays	Qld

NQ does not crack a disaster event mention until line item 15.

Cyclone Debbie 2017 was revalued up in 2019 to \$1.78 billion in a ICA ACCC submission.

Error? Cyclone Marcia 2015 was ICA upgraded from being a \$544 million damage bill in 2017 to \$1.48 billion in the ICA submission to the ACCC in 2019. We did not put it into the billion-dollar club above as could not find supportive evidence of this disaster that supposedly damaged NQ and did not cause any strata damage at that time as reported by the ACCC.

The data in table above is indicative and dubious as most comes from the Insurance Industry and media, we have no government data base of disasters and economic loss, they mostly use the ICA disasters and \$ damages publications.

Appendix-D: Department of Home Affairs Disasters listing

Department of Home Affairs - Disasters Assist - Disaster Events Data 2006-2021														
			NSW	Vic	Qld	SA	WA	NT	ACT	National	TAS	os		
		Bushfire	101	23	16	8	11	2	2	1	8		172	31%
		Cyclone events			17		12	7					36	6%
		Flood events	48	46	46	9	46	9		1	10		215	39%
		Hailstorms	3					1					4	1%
		Influenza, earthquake, tsunami, terrorist,								1		5	6	1%
		Weather, rainfall, Tropical low, Tornado	9	1	10	0	1	8					29	5%
		Storm	32	24	14	5	11		7		1		94	17%
		Drought??												
			193	94	103	22	81	27	9	3	19	5	556	100%
			35%	17%	19%	4%	15%	5%	2%	1%	3%	1%	100%	

- NSW leads the Natural Peril Disaster frequencies, near double Qld.
- Floods and Bushfires dominate the natural disasters event type.
- Hailstorms cannot be right?

The ICA presented a NQ **Bowen**⁶⁰ township home case study to the ACCC, which indicated the premium risk modelling factors for cyclone as one every five years as returning to this location. And gave the house an extreme exposure to tropical cyclone classification and a \$3000 annualised damage prediction. The resulting AIF = (\$3080/\$350,000) x1000 = 8.80 (AIF = 2.0⁶¹ for ROA Houses)

What is intriguing is the 1 in five years cyclone frequency predicted hits modelled for Bowen, is that Darwin city provides factual evidence it has gone 47 years without another direct cyclone hit. Who decided the Bowen cyclone hit frequency and is it possible the damage cost and probability applied here may be flawed? How can the homeowner consumer at this address correct, let alone discuss if this cyclone frequency prediction is fair? Can the ACCC help them?

⁶⁰ A34.10 – ICA 2018 submission Australian Competition and Consumer Commission Northern Australia Insurance Inquiry

⁶¹ A14.6.p65 – ACCC Figure 3.11: Average premium per \$1,000 sum insured for home insurance products, 2019.

Appendix-E: Home Affordability Insurance Factor Applications.

1. Home Affordability Insurance Factor AIF = (\$ consumer premium price paid / \$ insurer liability sum insured price) x 1000.
2. Example: an strata complex pays \$24,000 insurance premium for a \$5.0 million sum insured building of ten lots. AIF = (24,000/5,000,000) x 1000 = 4.8
3. The ACCC AIFs are lower than the ICA AIFs. Nearly all the ICA AIF's use a normalised average price for an strata or house BIV of \$350,000. Our study found the average strata AIF for Townsville is AIF = 5.2, five times the national ROA AIF=1 average.

Table-A: NQ and ROA Strata and House Affordability Comparisons

Table-A:	NQ or NA Strata	ROA Strata	NQ or NA House	ROA House
2010	ICA AIF = 2.36 ⁶² ACCC AIF = 1.50 ⁶³ SCA AIF = 2.10 ⁶⁴	ICA ACCC AIF = 0.99 ⁶⁵	ICA AIF = 5.29 ⁶⁶	ICA ACCC Not reported
2011	ICA AIF = 4.54 ACCC AIF = 2.50 SCA AIF = 4.92	ICA ACCC AIF = 1.00	ICA AIF = 6.01 ACCC AIF	
2015	ICA AIF = 4.17 ⁶⁷ ACCC AIF = 2.50 ⁶⁸	ICA AIF = 1.81 ⁶⁹ ACCC AIF = 1.00	ICA AIF = 4.69.	ICA AIF=3.05.
2018	ICA ACCC AIF = 2.50	ICA ACCC AIF = 0.98	ICA AIF = 3.86 ⁷⁰ ICA AIF = 6.27 ⁷¹ Bowen ⁷² AIF = 8.8	ICA AIF = 1.64 ⁷³
2019	ICA ACCC AIF = 2.60 ⁷⁴	ICA ACCC AIF = 1.05 ⁷⁵ ACCC AIF = 0.99 ⁷⁶	ACCC AIF = 6.10 ⁷⁷ ACCC AIF = 5.0 ⁷⁸	ACCC AIF=2.0 ⁷⁹
2020	TSV.LOG AIF = 5.2⁸⁰			

- ROA = Rest of Australia.
- NQ = North Qld
- NA = North Australia above the Rockhampton line.

⁶² A34.6.p5 – ICA submission to House of RSC on Social Policy and Legal Affairs Inquiry into Residential Strata Insurance

⁶³ A34.6.p83 – ACCC Figure 3.33: Average premium per \$1,000 sum insured for Strata insurance, 2007–08 to 2018–19

⁶⁴ A34.20.04 – Strata Communities Australia SCA 2012 submission to House of Rep Inquiry Residential Strata Insurance undated

⁶⁵ A34.6.p83 – ACCC Figure 3.33: Average premium per \$1,000 sum insured for Strata insurance, 2007–08 to 2018–19

⁶⁶ A34.6.p5 – ICA submission to House of RSC on Social Policy and Legal Affairs Inquiry into Residential Strata Insurance

⁶⁷ A34.11.p2 – ICA 2015 submission to Federal Treasury - Northern Australia Insurance Premiums Taskforce

⁶⁸ A34.6.p83 – ACCC Figure 3.33: Average premium per \$1,000 sum insured for Strata insurance, 2007–08 to 2018–19

⁶⁹ A34.11.p11 – ICA 2015 submission to Federal Treasury - Northern Australia Insurance Premiums Taskforce s

⁷⁰ A34.10.p4 – ICA 2018 response paper to ACCC issues, ACCC NAII Figure-20 North Australia

⁷¹ A34.10.p25 – ICA 2018 response paper to ACCC issues, ACCC NAII Figure-20 North Australia

⁷² A34.10 – ICA 2018 submission Australian Competition and Consumer Commission Northern Australia Insurance Inquiry

⁷³ A34.10.p4 – ICA 2018 response paper to ACCC issues, ACCC NAII Figure-20 Rest of Australia

⁷⁴ A14.6.p82 – ACCC Figure 3.32: Average premium per \$1,000 sum insured for Strata insurance, 2019

⁷⁵ A14.6.p82 – ACCC Figure 3.32: Average premium per \$1,000 sum insured for Strata insurance, 2019.

⁷⁶ A34.6.p83 – ACCC Figure 3.33: Average premium per \$1,000 sum insured for Strata insurance, 2007 – 2019.

⁷⁷ A14.6.p67 – ACCC Figure 3.14: Townsville premium per \$1,000 sum insured for home insurance products, 2019.

⁷⁸ A14.6.p65 – ACCC Figure 3.11: Average premium per \$1,000 sum insured for home insurance products, 2019

⁷⁹ A14.6.p65 – ACCC Figure 3.11: Average premium per \$1,000 sum insured for home insurance products, 2019.

⁸⁰ TSV Lot owners group study of tax invoices yields local AIF