



13 January 2012

The Secretary
House of Representatives Standing Committee on Social Policy and Legal Affairs
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Submission to Natural Disaster Insurance Review

My wife and I are Australian citizens. We own a ground-floor strata title unit in Cairns and we wish to make a submission in response to the current strata insurance issues, specifically the rising strata insurance premiums and lack of choice of cover in Far North Queensland.

I am treasurer of our Body Corporate Committee. [REDACTED] were our insurers until recently but have priced themselves out of the market by increasing their proposed premium to a level that our committee found completely unacceptable, effectively doubling the premium from 2010. [REDACTED] claimed that the increase was necessary due to protect their business from the increased risk arising from the natural disasters in Queensland last summer.

Cairns was not greatly affected by Cyclone Yasi and our complex sustained minimal superficial damage: four boundary lights were replaced. Our exposure to environmental risk has not changed one iota as a result of Cyclone Yasi.

There is no justification for increasing premiums on the basis of increased exposure to environmental risk. As a young environmental science post-graduate in 1990 I assisted a large bank (at its request) to develop differential lending criteria to reward green clients who were demonstrably managing their exposure environmental risk, particularly risk arising from the impacts of climate change. The point being that the financial sector has been well aware of the potential risk from environmental damage and climate change for more than 20 years.

To suggest that the insurance industry has only just become aware of the need to reduce its exposure to environmental risk, or that Cairns is somehow at greater risk because of Cyclone Yasi or the Brisbane floods, is simply not credible.

A duopoly currently operates in the Far North Queensland strata title insurance market, and with [REDACTED] pricing itself out of the market we are rapidly heading towards a monopoly situation. The matter of choice in strata insurance must be addressed by the committee with a view to encouraging more players into the market.

Yours sincerely

Simon and Sheena Towle

