

MEMBER ALERT

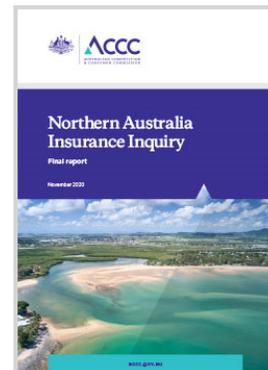


Final ACCC Northern Australia Insurance Inquiry report released addresses solutions for strata in Queensland

SCA (Qld) has worked closely with the ACCC over the three-year duration of the inquiry and before, providing detailed analysis and information relating to the rapidly growing strata sector in Queensland. In late 2017 SCA (Qld) surveyed members for our [submission to the ACCC](#), finding that the quality and transparency of insurance information supplied by insurers should be improved. SCA (Qld) was one of many stakeholders who called for greater clarity on the factors impacting premium pricing (such as cyclone risk ratings) and we noted a breakdown of insurance premiums would assist with this understanding. In [2019 SCA \(Qld\)'s submission](#) highlighted affordability and availability examples in NQ.

SCA (Qld) supports many of the recommendations which focus on

- making it easier to search for, and compare, insurance products,
- choosing the right amount of cover,
- dealing with conflicts of interest,
- addressing immediate affordability concerns,
- reducing risk and building better.



President James Nickless said that if implemented further down the track, some recommendations have the potential for noticeable impact on insurance premiums in North Queensland.

“In particular, we embrace the recommended changes to stamp duty and direct subsidies, whether temporary or permanently in place as they have true potential to save lot owners much needed money,” James said.

“The Board and I will strategise in the coming weeks to explore how we can push for these initiatives to be progressed and I invite members to be an active part of this process by getting in touch with their [local Board Director](#) or via [the office](#),” James said.

Both SCA (Qld) submissions are acknowledged in this ACCC report and SCA (Qld) together with the National Strata Insurance Taskforce will take an active stance in 2021 to assist the government on the proposed solutions.

**Don't have time to read all 592 pages?
We've summarised everything you need to know below.**

In Short: Key Recommendations



Recommendation: Standardise definitions of prescribed events

The Treasury's review of the standard cover regime should develop a proposal to standardise the definitions of prescribed events (including 'action of the sea', 'impacts' and 'storm') to enable greater certainty for consumers and comparability of products.

Recommendation: Strata managers to be remunerated by body corporate only

State and territory legislation governing strata managers should be amended to prohibit strata managers from accepting payments in relation to arranging strata insurance other than those agreed to, and made by, their body corporate.

Recommendation: If governments want to provide immediate relief to consumers facing acute affordability pressures, they should consider direct subsidies over other measures

There are calls for government intervention through a range of measures to address acute affordability and availability issues in the supply of insurance in northern Australia. We investigated the relative merits of measures including government reinsurance pools, government insurers, direct subsidies, mitigation programs and licence conditions. If governments want to intervene, they should consider doing so through direct subsidies based on both premium level and income eligibility requirements, rather than government reinsurance pools or other measures. Direct subsidies have the greatest potential to work in a targeted way to relieve some of the acute affordability and cost of living pressures facing consumers in higher risk areas, at a lower cost and more effectively than other measures.

Recommendation: Re-base stamp duty; use stamp duty revenue for affordability and mitigation

If stamp duties on insurance are maintained, the governments of Western Australia, the Northern Territory and Queensland should reduce the tax burden on consumers in higher risk areas by levying stamp duties for home, contents and strata insurance with reference to the sum insured value, rather than the premium level. A portion of revenue from stamp duties on insurance products (however they are levied) should be directed towards measures to improve affordability for low income consumers or to fund mitigation works.

Recommendation: Expand the remit of the Australian Building Codes Board to include property protection

The Australian Government, and state and territory governments, should expand the remit of the Australian Building Codes Board to explicitly include property protection as an objective to pursue through the National Construction Code and referenced Australian Standards.

Recommendation: Extend and expand the North Queensland Strata Title Inspection Program

The North Queensland Strata Title Inspection Program is due to end on 30 June 2021. The program should continue in north Queensland beyond this date, and be expanded to other parts of northern Australia.

SCA (Qld) will keep members informed as advocacy continues. To be part of the working groups at state and national level, please contact Executive Officer Katrin Watson via [email](#) or call 07 3839 3011.

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