

ROBBIE KATTER

Member for Traeger



MEDIA RELEASE

October 6, 2020

KAP SUPPORTS BOLD PLAN TO ADDRESS CRIPPLING INSURANCE COSTS IN NORTH QUEENSLAND

North Queenslanders in the grips of the state's worsening insurance crisis would be relieved from having to insure their properties against natural disasters like cyclones in a bold plan supported today by Katter's Australian Party.

The plan, spearheaded by Queensland's peak body for the strata sector, Strata Community Association (SCA, Qld) is in response to jumps of up to 300 per cent and more in residential insurance costs in North Queensland.

It would see a national fund established to compensate people whose property is damaged or destroyed by natural disasters, also known as "acts of God".

SCA (Qld) represents the interests of hundreds of thousands of Queenslanders who live in, own, manage or supply services to units, apartments, townhouses and other strata title properties.

The national fund would serve to drive down premiums and stimulate market competition, and would be similar to one that currently exists in New Zealand to compensate people whose property is damaged or destroyed by earthquakes.

Industry experts and the SCA (Qld) propose that if insurance providers did not have to insure against damage caused by cyclones in North Queensland, premiums would be much lower and more insurance companies would be willing to offer policies.

Katter's Australian Party Leader and Traeger MP Robbie Katter said the state was staring down the barrel of total market failure with regards to the insurance industry, and people in North Queensland were the most impacted.

He has today called upon the State and Federal governments to get off the sidelines and put an end to Northerners being treated as second-class citizens when it comes to insuring an apartment, house or business.

"I am challenging the incumbent Labor Government and the Opposition to speak up on this issue and tell Queenslanders, and particularly those of us being choked by this in the North, how they plan to address it," he said.

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"In particular we would like to see them sit down with those from the industry and formulate an emergency plan.

"We believe, like the SCA (Qld), a national fund to relieve the burden of having to insure for calamitous natural disasters is where we should start."

Insurance premiums for body corporates have increased by 300 per cent since 2016.

Thousands of homes in the North are now feared to be uninsured or under-insured as a result of the rising premiums, and there is no relief in sight with insurers pulling out of the region at a rapid rate.

It's understood customers including 'mum and dad investors' and retirees, particularly those in the strata sector, are now being forced to seek insurance from overseas at increasingly unaffordable rates or run the gauntlet without any insurance at all.

Small-business owners are also being significantly affected, to the point some have been forced to close their doors for good.

Mr Katter said he had heard disturbing stories regarding the failure of the insurance market in the North.

"We have been informed that, especially in places like Townsville and Cairns, things are looking diabolical," he said.

"Take for instance a real-life situation in the North at the moment where units are valued at around \$300,000, yet the insurance premiums they are being forced to pay are working out to over \$10,000 per unit per annum.

"For a start, this is unsustainable and crippling.

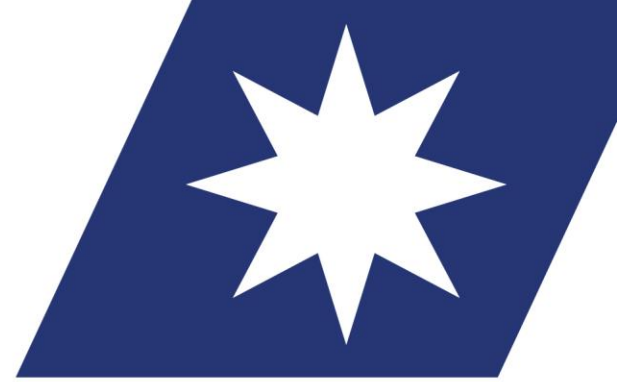
"People are also terrified of making claims, in case they risk the continuation of their insurance into the future; this is a nightmare."

Following a study of insurance premiums in Australia, the Australian Consumer and Competition Commission (ACCC) said that in early 2018 the average premiums for home and contents insurance in northern Australia were double the average for the rest of the country.

The ACCC also said that premiums had risen more rapidly in the North than the rest of Australia since 2010, and that the rate of non-insurance was significant and growing with an estimated 17 per cent (62,127) of residential properties uninsured in the region.

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Allianz told the ACCC it was surprised that some of its customers in north Queensland and Western Australia could even afford to pay their premiums.

Mr Katter said that the situation could not continue, and that there had to be a level playing field for apartment owners, home owners and businesses wanting to buy insurance.

He said it was understandable the establishment of a national fund to support disaster repairs would take time, but immediate relief was needed.

“Brisbane should play its part in making insurance in North Queensland affordable in the meantime by foregoing the taxes it collects on property insurance policies north of the Tropic of Capricorn (i.e. from Rockhampton north) for two years while this fund is established,” he said.

The Traeger MP said he had written to the Premier and the Leader of the Opposition asking them to commit their parties to this plan to treat people living in North Queensland the same as people living in the south-east with respect to property insurance.

He has also written to the LNP member for Herbert Phillip Thompson, the LNP Member for Leichhardt Warren Entsch and the LNP Member for Dawson George Christensen urging them to lobby the Prime Minister to assist.

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