



15th February 2024

Media Release – For Immediate Release

Consumer Groups Demand Explanation from Insurers on Lack of Cover in Northern Australia

Consumer groups Australian Consumers Insurance Lobby Inc (ACIL), Unit Owners Association of Queensland (UOAQ), Owners Corporation Network of Australia (OCN), and NQ Strata Action Group have collectively issued a formal request to the Insurance Council of Australia (ICA) seeking an explanation for the lack of insurance coverage offered in Northern Australia, despite the implementation of the Cyclone Reinsurance Pool (the Pool).

As of December 31, 2023, large insurers were mandated to participate in the Pool, a government initiative aimed at providing affordable insurance options in cyclone-prone areas. Despite this, major Strata Insurers such as Chubb, SUU (CGU), SCI (Allianz), and Longitude (Chubb) have continued to withhold quotes for new policies in the Northern region. This has resulted in a notable shortage of insurance coverage, particularly impacting properties valued over \$5 million, and more severely those over \$20 million due to limited available insurers.

The consumer groups highlight that certain property categories, including older constructions and buildings with specific architectural features like tile roofs, are still facing significant challenges in obtaining insurance despite being eligible under the Pool. This situation is exacerbating the already acute market shortfall in the strata sector in Northern Australia.

The consumer group alliance has highlighted the essential role of insurers in preventing market failure. They emphasise that it is critical for insurance companies to do all things reasonable to ensure accessible and affordable insurance. The continued reluctance to offer quotes following the implementation of the Pool raises serious concerns about the insurers' commitment to acting in good faith with the Pool and addressing the market challenges faced by consumers.

“In several instances, we've noticed significant premium reductions in some instances 50%, for insurance renewals on large strata buildings insured through the Pool. This indicates that the Cyclone Reinsurance Pool is successfully reducing premiums for such buildings. However, the reluctance of insurers to provide quotes for new policies, despite having access to this pool, remains a point of confusion for consumers. The pool's introduction has changed the landscape of reinsurance limitations and we are eager to understand why insurers are still hesitant to offer insurance in this new environment.” Said Tyrone Shandiman of Australian Consumers Insurance Lobby Inc.

“As a committee member of a body corporate in the Whitsundays, we find ourselves with no other option than to secure insurance from an international provider with premiums that are tenfold higher than those typically seen in South East Queensland. Despite the introduction of the Cyclone Reinsurance Pool, which we hoped would broaden our choices and reduce costs, the anticipated benefits have yet to be realised.” Said Bob Boundy Treasurer of UOAQ.

This situation calls for immediate action and transparency from insurers to fulfill their obligations and provide the necessary coverage for the consumers in Northern Australia.

For more information about this media release, contact Tyrone Shandiman on (07) 3185 5256 or info@acilobby.org.au.