

DANIEL MCCARTHY
Candidate for Leichhardt

KATTER'S
AUSTRALIAN
PARTY

MEDIA RELEASE

7th November 2018

Insurance Council inviting North Queenslanders to share grievances, but still no reduction in premiums.

The Insurance Council of Australia (ICA), representing insurance companies, explains that insurance premiums are higher in the North because there are more disasters than in other parts of the country and it is also more expensive to build and repair. ¹

“The ICA is basically telling us that we must cyclone and flood-proof our buildings and improve infrastructure and services to reduce premiums. Even though this has already happened in parts of North Queensland, especially in those areas that have built back stronger after cyclones, the premiums have still increased. Please forgive us for thinking insurance companies are price-gouging”, said Daniel McCarthy, KAP candidate for Leichhardt.

It only raises questions said Mr. McCarthy. “Is it true that building costs in Cairns are 22% higher than in Brisbane? Most people I have spoken to say no. Is it true that there are more claims and risk in the North than in the South? Most people say no, in the South there are massive storms and fires in highly populated areas. Also, should risk and cost be the reason for an increase in premiums by 60% or more over the last few years”?

There are 11 public meetings planned throughout North Queensland during November and the KAP is encouraging people to attend (details are shown below). The public meetings will provide an opportunity to share experiences and insights with industry representatives.

Mr. McCarthy would also like to remind everyone that the Australian Competition & Consumer Commission (ACCC) Northern Australia Insurance Inquiry is still underway.² It has already heard from Northern Australians who have expressed frustration, confusion, and anxiety about the affordability and availability of insurance.

“The ACCC Inquiry released initial findings in June 2018, that answers some questions. It makes the ICA explanation about high premium costs look dubious. Why isn't the ICA listening to people who have already presented to the Inquiry”? questions Mr. McCarthy.

“People have told the Inquiry that they are acting to lower their premiums by shopping around and raising their excesses, but consider there is little choice, especially in strata insurance markets and regional towns,” said Mr. McCarthy.

¹ <https://disasters.org.au/news/2018/6/30/why-are-insurance-premiums-higher-in-the-north-of-australia>

² <https://www.accc.gov.au/focus-areas/inquiries/northern-australia-insurance-inquiry>



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The ACCC report confirms that eight main insurers currently supply home and contents insurance under 45 brands throughout Northern Australia, but the number of brands used makes it look like there are more suppliers than there actually is.

The ACCC Inquiry also reports that while Northern Australia makes up only 5 percent of the number of policies in Australia, it accounts for about 10 percent of premium revenue. Between 2007 to 2017, average home and contents premiums, have increased by between 23 and 67 per cent in Northern Australia, and by 16 percent in the rest of Australia. During the same period, strata insurance premiums rose by between 60 and 80 percent in North Queensland.

The ACCC report also states that in 2016–17, the average annual home and contents premium in northern Australia was \$2000, which is about double the average for the rest of Australia. Strata insurance premiums in northern Australia were more than double the premiums in the rest of Australia. Premiums for combined home and contents insurance in Northern Australia can vary between insurers by as much as \$3.40 per \$1000 insured, compared to \$0.90 per \$1000 insured in the rest of Australia.

Mr. McCarthy says that "regardless of the concerns raised, it appears that the ACCC has obtained information from insurers that points to a different situation. Now the ACCC intends to investigate and monitor the industry over the next two and half years, delaying any conclusive findings."

"It is outrageous that insurance premiums continue to hold back our regional economy. This has been let fester by a Liberal government which has received over \$1.5 Million in donations from the insurance industry over the last decade alone. The member for Leichhardt is backing the introduction of a new Mutual insurance company, owned entirely by its policyholders, yet investigations reveal other countries are now moving away from them as they haven't worked."

"The UK has a successful new insurance scheme for natural disasters that is lowering premiums called "Flood Re". Every home insurance company must pay into it. If you make a valid claim, your insurer will pay the claim. Later, the scheme reimburses that insurer from the special reinsurance fund. Why isn't this part of the public discussion"?

—ENDS—

Media Enquiries: Daniel McCarthy Ph 0413 054 031

Dates and times of ICA forums:

Cairns, Wednesday, November 7, 6-7.30pm



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Innisfail, Thursday, November 8, 6-7.30pm

Mission Beach, Friday, November 9, 6-7.30pm

Ingham, Saturday, November 10, 9-10.30am

Townsville, Thursday, November 15, 6-7.30pm

Bowen, Friday, November 16, 6-7.30pm

Airlie Beach, Saturday, November 17, 9-10.30am

Mackay, Monday, November 19, 6-7.30pm

Rockhampton, Tuesday, November 20, 6-7.30pm

Gladstone, Wednesday, November 21, 6-7.30pm

Bundaberg, Thursday, November 22, 6-7.30pm

To register, and receive details about the location of each forum:

Visit www.disasters.org.au/forums

or call 1800 734 621.

Click this link for more information: <https://disasters.org.au/info-sessions/>

