

Northern Australia Reinsurance Pool to Bring Long Overdue Relief for Strata Owners and Residents

Tuesday 4 May 2021: Strata Community Association (SCA) welcomes the announcement by the Federal Government of the establishment of a \$10 billion reinsurance pool in flood and cyclone-prone regions of northern Australia.

SCA has led longstanding advocacy efforts for the establishment of a reinsurance pool by state and federal governments, as homeowners in these regions have experienced increases in insurance premiums of up to of 178% (compared to 52% elsewhere) arising from vulnerability to extreme weather events since 2011.

Rapidly escalating insurance premiums and an inability to obtain cover has caused availability and affordability issues, particularly within strata schemes, while stifling the ability of communities to recover and rebuild after a natural disaster.

SCA has worked closely with governments at all levels and inquiries including the three-year ACCC inquiry that finished in December 2020.

SCA President Andrew Chambers said that SCA had been calling on the government to address the failures of the insurance market in Northern Australia for some time and welcomes the government's announcement regarding the establishment of a re-insurance fund and funding for the Pilot Resilience Program.

“We agree with the Prime Minister that for too long, homeowners and business owners have faced crippling costs arising from insurance in northern Australia, and we welcome and embrace the Federal Government’s commitment to see this much-needed change through,” said Mr Chambers.

“Strata premiums have become unaffordable and put enormous financial pressure on owners with some not able to obtain insurance at all. We look forward to seeing the details of both schemes and how it will address the availability issues.

“We are hopeful that this is the first stage of addressing the wider issues around strata insurance affordability with other issues such as statutory taxes also being reviewed.

“As with any policy proposal, the devil is in the detail, and we wait eagerly to learn more about the proposal.

SCA (WA) President Catherine Lezer said the reinsurance pool was an important step towards insurance equity for northern centres such as Port Hedland, Karratha and Geraldton.

Ms Lezer said in some northern locations the cost of insurance premiums had spiralled out of control and the requirement for strata buildings to be insured was onerous.

“You know something is wrong and the government needs to step in when there are examples such as a \$5 million apartment complex in Geraldton facing a staggering million dollar a year insurance premium”, she said.

“There are some serious things governments could do, including at the state level abolishing or rebasing stamp duties, but a well-designed and effective reinsurance pool would help a lot.

“We urge the WA Government to work closely with the Federal Government to ensure West Australians get the best possible deal from the announced reinsurance pool,” she said.

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About Strata Community Association

Strata Community Association Limited (SCA) is the peak industry body for Body Corporate and Community Title Management in Australia & New Zealand. Membership includes body corporate managers, support staff, committee members and suppliers of products and services to the industry. SCA proudly fulfils the dual roles of a professional institute and consumer advocate.

SCA has in excess of 3,300 members who help oversee, advise or manage a combined property portfolio with an estimated replacement value of over \$1.2 trillion. Website: <https://www.strata.community/>

About Strata Community Association (WA)

SCA (WA) is the peak association supporting WA’s strata sector. The association brings together people who manage strata schemes, own units or live in strata communities, and those who provide products and services for schemes. We also provide education, advice, and advocacy to enable better understanding of the regulations, obligations and owner's rights.

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