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TROPICAL NORTH

RDATN Submission to ACCC Insurance Monitoring Report

31 March 2025

Introduction The RDATN appreciates the opportunity to present insights from our region on insurance challenges. This submission outlines key findings from a survey conducted over a 14-day period, gathering input from **224 respondent**s across our region, encompassing **21 local government areas**, with most respondents based in **Cairns and surrounding areas**. These insights support our ongoing advocacy at all levels of government to address insurance affordability, availability, and access for residential, business, and strata property owners. Findings suggest that rising insurance costs remain a major concern, with minimal evidence of premium reductions since the Cyclone Reinsurance Pool's introduction. Below is a summary of key results aligned with identified areas of concern.

Summary of Results by ACCC Question Areas

Residential (169 respondents):

Insurance Affordability

- **90%** reported an **increase** in premiums since the Cyclone Reinsurance Pool commenced.

  Of those, **40%** reported an increase of **15% or more**.
- **5%** reported a **decrease** in premiums of up to 10%
- **88%** reported that insurance is becoming unaffordable and **71%** are feeling **stressed** about rising costs, with some reducing spending on property maintenance to cope.

Underinsurance and Non-Insurance

- **48%** reported choosing to **underinsure** their property to manage costs, while 23% are happy with current level.
- **19%** reported cutting spending elsewhere to cover rising insurance costs.

Insurance Availability

- **47%** reported **having less than 4 companies to choose from**, while 46% feel its about the same since the Cyclone Reinsurance Pool started (2023).

Risk Mitigation

- **59%** reported being **proactive** in property protection, yet most saw **no reduction** in premiums. Government incentives such as the **Household Resilience Program** (with only **2%** of respondents being eligible and a further **20%** indicating they were not motivated because they were ineligible) did not appear to motivate consumers to invest in mitigation measures.
- Common barriers included:
    - **High costs** of upgrades.
    - **Limited financial incentive** or unclear links between mitigation and premium reductions.

Business (51 respondents):

Insurance Affordability

- **86%** reported an **increase** in premiums, with **47%** experiencing a rise of **15% or more**.
- Only **2.7%** reported a **decrease**.
- **56%** noted they were unsure if their excess had changed with **38%** confirming they have an increased excess by **more than 50%**
- **64%** of businesses reported sacrificing spending on operations and a further **78%** stated they feel stressed over the cost
- **85%** of business owners reported insurance is becoming unaffordable

Underinsurance and Non-Insurance

- **36%** reported **o**nly taking out public liability.
- **42%** are happy with their level of cover but the excess is unaffordable.

Insurance Availability

- **71%** reported **less than 4 companies** to choose from, with **14%** stating it's about the same.
- **64%** stated they shop around yearly

Risk Mitigation

- **71%** reported being **proactive** in protecting their premises where possible.

Strata (30 respondents):

Insurance Affordability

- **76%** reported an **increase** in Body Corporate insurance fees.
- 24% noticed a decrease of more than **15%**

Insurance Availability

- **77%** reported **less than 4 companies** to choose from, with additional **11%** stating it's about the same

Risk Mitigation

- **68%** reported their body corporates being proactive with mitigation

Survey Extracts

Comment

"We pay over $12,000 for business insurance and it excludes cyclone cover and storm damage is limited to $200,000! With public liability and our own personal home and contents and car insurance, we pay over $20,000 a year in insurance! We are unwilling for this sort of impost and for a small business makes our venture in the Daintree unviable."

"This issue increases rents to tenants, affects affordability."

"There needs to be more exposure for the reinsurance pool and the Household Resilience Program and how it can assist in lowering premiums."

"Need to remove stamp duty on premiums & provide more insurance options including a government scheme."

"The cyclone pool needs to be better explained - it won't help for 10 years and that's if we don't have any cyclones or major damage."

"My insurance company told me that this scheme does not help us at all with premiums and only helps them, they keep putting my annual premium up each year. Never seen any kind of dent from this scheme."

"I switched from Suncorp to Sure for a better premium only to find after 12 months my premium with Sure increased 20% making it more expensive by far than Suncorp, despite replacing my roof!!"

"I'd rather spend time and money lowering my risk of needing insurance, than trying to earn money to pay an insurance company. A risky business but it makes one more self reliant, a quality that will be needed in the climate change future we'll face."

"obtaining full coverage is impossible."

"I am concerned about broader under-insurance across the region along with the potential impacts that has post a disaster on housing availability and liveability in the region."

"We constantly seek ways to save on our insurance by cutting benefits or features of our policy"

"I have never claimed but I feel I'm paying for the impacts we've had recently in our region. Flooding etc and increase in thefts."

"I have to literally fight the last 2 years with my insurance company: paying more but less cover or higher excess."

"I always phone every year to see what can be done to decrease the premium they send out. I always change the house value to the lowest they will insure for."

"It is becoming more difficult to insure depending on your location. This is becoming a very widespread issue within our region and more and more properties are becoming uninsured as the premiums are unaffordable.

We are very grossly disadvantaged because of our location. The scope of the insurance pool needs to be more broad."

"We have had to add an insurance fee to admin and sinking fees. General maintenance has to be pared down also. My investment property insurance has gone from $14,644 in 2021, to $41,122 in 2025 - an increase of 180%. This increase has required an ongoing special levy to pay off a strata loan. A similar situation has happened at my residence."

"The cyclone reinsurance pool has drastically reduced our Strata insurance premium. That said it increased 132% in the 3 years prior to last year's introduction of the pool. Our building has never suffered structural damage from a weather event."

"Our experience in TC Jasper, we had over $100k worth of damage to our property. We did not fall in any category where we could obtain any funding assistance to help with repairs/reinstatement. We contacted our insurer who did not cover any of our damage as we are a rural property and our driveway is dirt. We fall through the cracks as we are a primary producer but do not earn over the income threshold that was required. So whilst the Govt was suggesting there was alot of money out there for assistance the reality is for us there was not. Hence we have not repaired any of the damage we sustained in TC Jasper."

"I believe the Insurance companies need to draw councils into ownership for many of the flooding problems we experience. Our council will not remove trees that are blocking drains and will not culvert creeks that flood out homes. The ICA should consider the development of a criteria for councils to undertake to share in flood prevention. We need to start making councils accountable and in doing so, will enable better flood management and therefore, lower premiums. Time to lean on these green councils."

"This is a huge issue that needs to be addressed before there is another event"

Conclusion

Feedback from our region clearly shows that insurance premiums have continued to rise across residential, business, and strata categories, with few respondents experiencing any meaningful reductions since the introduction of the Cyclone Reinsurance Pool.

High excess levels are also a concern, with many noting excesses above **$2,500** and some exceeding **$5,000.** These rising costs are contributing to increased financial stress, underinsurance, and deferred property maintenance across our region.

To support better outcomes for the north, we advocate for:
- Stronger measures to boost insurer participation and market competition.
- A clear investigation into the drivers of rising premiums post-reinsurance pool.
- Improved public education on risk mitigation and potential insurance savings.

RDATN remains committed to advocating for improved insurance affordability and access at all levels of government and thanks all stakeholders who contributed to this work.