

20 December 2021

[REDACTED]
[REDACTED]
[REDACTED]
Treasury Reinsurance Pool Taskforce
1 William Street
Brisbane QLD 4001

By Email: reinsurancepool@treasury.gov.au

Dear Treasury,

Response to consultation on the exposure draft legislation: cyclone and related flood damage reinsurance Pool

The Real Estate Institute of Queensland (“REIQ”) appreciates the opportunity to provide its comments in relation to the exposure draft of the Treasury Laws Amendment (Measures For A Later Sitting) Bill 2021: Cyclone Reinsurance (“**the Bill**”).

The REIQ has been the peak professional body for the Queensland real estate profession for 103 years representing approximately 15,000 individual real estate practitioners across approximately 1,400 agency members. REIQ members specialise in many of areas of real estate, including property management, residential sales, commercial and industrial sales, business broking, auctioneering and buyer's agency.

The REIQ has seen Northern Australia premiums significantly increase in recent years, in particular within community title schemes. Furthermore, the ACCC’s final report of the three-year Northern Australia Insurance Inquiry confirms that on average, home, contents and strata insurance premiums are considerably higher in northern Australia than the rest of the country.¹

The REIQ agrees in principle to the proposed amendments and support the Commonwealth Government’s proposed re-insurance pool which is set to commence from 1 July 2022 designed:

1. to lower insurance premiums for bodies corporate in North Australia through the reduction of insurance premiums for household and small businesses by reducing the costs of reinsurance; and
2. to cover household property policies that include eligibility cover for home building cover, home contents cover, and residential landlords cover (residential investment properties and loss of rent).

The proposed 80% mixed use threshold

We support Strata Community Association’s position that the proposed 80% use threshold, where strata properties with less than 80% residential floorspace will not be eligible overlooks the growing popularity of mixed-use strata developments and would impact a high volume of property investors who opt for such developments.

¹ <https://www.accc.gov.au/system/files/Northern%20Australia%20Insurance%20Inquiry%20-%20Final%20Report%20-%2030%20November%202020.pdf>.

We look forward to the progress of the Bill and the opportunity to provide further input and support at a later date. If you have any queries in respect of the above matters, please do not hesitate to contact [REDACTED]

Yours faithfully,

A handwritten signature in black ink, appearing to read "AM", with a long horizontal flourish extending to the right.

Antonia Mercorella
Chief Executive Officer