



Parliamentary committee urge moratorium on strata insurance stamp duty

The House of Representatives inquiry into residential strata title insurance affordability has called on the Queensland Government to implement a moratorium on strata title stamp duty.

It was one of nine recommendations in the Social Policy and Legal Affairs Committee report, *In the Wake of Disasters: Volume Two: The affordability of residential strata title insurance*, which was presented in Parliament today.

Committee Chair Graham Perrett MP said the inquiry was held in response to concerns from residents and investors in north Queensland about spiralling body corporate insurance costs in recent years.

“We received reports of strata title premium hikes in excess of 500 percent,” Mr Perrett said. “These increases are particularly concerning given that many of the people who have been forced to come up with the extra money are pensioners and retirees living on fixed incomes.

“The Committee has conducted this inquiry in a shortened timeframe in order to provide the Government with a clear and direct plan of action to alleviate immediate hardship and address longer term sustainability issues.”

Mr Perrett said the report’s recommendations would strengthen the regulatory framework for body corporates, examine the methodologies for the assessment and pricing of risk, increase transparency in all strata insurance cost components, and raise consumer awareness of their rights and responsibilities.

The recommendations call on the Australian Government to:

- work with the Queensland government to initiate a moratorium on stamp duties paid on strata insurance premiums north of the Tropic of Capricorn for the 2012-13 financial year, to be reviewed and extended if necessary,
- investigate the risk assessment methodologies used by insurance companies to price risk for strata insurance coverage,
- investigate the reasons for the lack of competition in the strata title insurance industry in north Queensland, and take appropriate action if required,
- investigate whether there is evidence of improper or anticompetitive behaviour taking place in the negotiation of strata insurance via managers and brokers, and take appropriate action if required,
- improve resources available to consumers to better equip them in the management of strata title affairs, and
- conduct a comprehensive review of strata title laws and regulations to increase flexibility in the choice of insurance arrangements for consumers and increase transparency in the disclosure of commissions and fees.

Due to the urgency of this issue, and the magnitude of community concerns, the Committee has asked the Government to outline the plan of reforms it will undertake by 1 December 2012, which should be informed by the investigations and reviews the Committee has recommended.

The Committee will hold a press conference on Thursday 22 March 2012 at 1:30pm in Committee Room 1R2 at Parliament House which will be broadcast live on http://www.aph.gov.au/News_and_Events/Watch_Parliament.

The report is available electronically via www.aph.gov.au/strata

For media comment , please contact the Committee Chair, Mr Graham Perrett MP, on (07) 3344 2622 or 0408 883 312.	
For background information , please contact the Secretariat of the Committee on Social Policy and Legal Affairs :	
PO Box 6021	Telephone: 02 6277 2358
PARLIAMENT HOUSE	Facsimile: 02 6277 4427
CANBERRA	E-mail: spla.reps@aph.gov.au
ACT 2600	Website: www.aph.gov.au/spla