



Christmas Island

A Natural Wonder



The Secretariat
 ACCC Northern Australia Insurance Inquiry
 GPO Box 520
 Melbourne VIC 3001

Email: insurance@accc.gov.au

Dear Secretariat,

It is encouraging that lack, and affordability, of insurance in Northern Australia continues to be looked at by the Australian Government. There is an urgent need for real and meaningful change in insurance availability to address the market failure in the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands.

Insurance is available for residents on Christmas Island but the available product is very limited (home and contents only) and premiums are high. Home, contents and strata insurance is not available on the Cocos (Keeling) Islands. This market failure has very obvious ramifications for residents and inhibits investment needed to support and further develop tourism and hence the broader economy.

The Indian Ocean Territories are part of Northern Australia as evidenced by the inclusion of the Indian Ocean Territories in inquiries by the Joint Standing Committee on Northern Australia and actions by the Office of Northern Australia. However, it is not clear if the Indian Ocean Territories have been considered in the outcomes of this report. The map at Figure 1.1 does not include the Indian Ocean Territories and there is no specific mention throughout the report. It is necessary to specifically refer to the Indian Ocean Territories of Christmas Island and the Cocos (Keeling) Islands on the map and in the text to ensure they are included in developing and implementing policies and outcomes.

Insurance is not a core business of the tourism associations and many of the recommendations and outcomes are outside of our expertise. However, comment is provided below on some of the draft recommendations, which could impact on the Indian Ocean Territories.

Draft recommendation 5: Renewal notices should give 28 days notice

This is necessary to address postal delays to the Indian Ocean Territories. Letters and Express Post are sent by air. Ideally, the service is weekly but mail can be offloaded if there is insufficient cargo space and flights can be delayed or cancelled in poor weather. Additionally, large letters are often sent by ship to the Indian Ocean Territories. The ship is scheduled for every 4 to 6 weeks and is often delayed. This impacts on the ability to review the offer and for on-time payment.

Emailing documents is not always a viable solution as this does not suit all people and availability and cost of the internet is also a factor.

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Draft recommendation 11: Giving consumers more control over how claims are settled

Having an option for a cash settlement is important for claims in the Indian Ocean Territories. This would allow greater options to employ local trades and flexibility in deciding on the scope of the repairs or rebuild. Any cash settlement must take into account the significantly higher costs of repairs and building in the Indian Ocean Territories, which is estimated to be between 2 to 3 times higher than on the mainland. Insurers have withdrawn from the Christmas Island market on the basis that costs of assessing damage is high and there are no authorised trades persons to undertake the work. This also applies to car insurance, which is not widely available to residents in the Indian Ocean Territories.

The opportunity to comment is welcomed and we look forward to positive outcomes to enhance the economic prosperity and opportunity in the Indian Ocean Territories.

If you have any questions about Christmas Island please contact Karenn Singer, Manager Christmas Island Tourism Association on manager@christmas.net.au or for the Cocos (Keeling) Islands Stephanie Hagenbrock, Manager Cocos Keeling Islands Tourism Association on manager@cocoskeelingislands.com.au.

Yours sincerely

Karenn Singer
Manager
Christmas Island Tourism Association
11 March 2019

Stephanie Hagenbrock
Manager
Cocos Keeling Islands Tourism Association
11 March 2019

Copy:

Mrs Natasha Griggs, Administrator, Territories of Christmas Island and the Cocos (Keeling) Islands

Claire Howlett, General Manager Territories, Department of Infrastructure, Regional Development and Cities

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