

HPE CM: Northern Australia Insurance Inquiry

From: Bryan Cifuentes **Confidential**
To: Insurance <insurance@accc.gov.au>
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Dear Sir/Madam,

As a property owner interested in the cost of insurance and notably how much it has risen in the last 10 years I read with interest through your first draft of recommendations hoping that some common sense approach would prevail.

I firstly commend your inquiry and the effort to date.

Resilience to disasters is based on lessons learnt and how we can better do things, but, unfortunately as a human race we tend to repeat history regardless to the new improved technology, we do not seem to advance in understanding at all and continue to treat the symptoms rather than the cause.

Without doubt building materials have improved and mitigation around structure and building materials is high standard and through regulation has increased cost and value subsequently promoting a domino effect to the cost of insurance and the like.

The one thing our first settlers and ancestors learnt was the impact of the elements and also built to avoid loss, for example on river plains with low lying banks such as the deltas, close to where the rivers spill to the sea, (Cairns, Ayr, Mackay, Bundaberg, Brisbane) the currents subsided and flooded inundation enforced that if they chose to live there they built two stories on high stumps. They became known as Queenslanders, funnily enough the timbers were more flexible and a lot survived the cyclones as well, probably because the rooves were also steep pitched and downward pressure applied compared to the flat roof that lifts more easily (similar to an airplane wing) which seems more common build of today.

In bushfire prone areas this earlier generation ensured plenty of separation from surrounding trees particularly if they built high on the hill. If you light a match and hold it at 45 degrees angle you burn your finger, if you turn it the opposite way up the flame self extinguishes – that is what happens with houses built high on the hills searching for a view and wanting to live amongst the trees. No maintenance of vegetation is a bomb waiting to explode and no amount of expensive fire fighting equipment or building materials will prevent the place burning. Some vegetation such as in the tropical rainforests will not burn like the typical eucalypts or Melaleucas that depend on fire to survive through propagation.

The cost of not just rebuilding but also the response by emergency services is costing millions and no doubt increasing insurance costs. Why are authorities not addressing the exposure as the cause and mitigating accordingly?

My observation is that people who are building outside the flood inundation, and, clearing the surrounding vegetation with continued maintenance do not get rewarded the same as a property owner who renews a roof or some building improvement.

I live in the far north of Queensland and I also note that there are disaster resilience requirements under the State Planning Policy 103 that imposes regulation on new constructions and there are certain actions for specific locations for mitigation. Existing buildings that lie outside any of those identified risk locations still pay the same insurance cost and should not be required to do so.

I believe that premiums should be base around geographical specific locations and assessed by local

expertise on an triannual basis. Someone making an assessment from afar cannot possibly be in tune or akin to the local landscapes.

Thank you for allowing input I have kept it very minimal and succinct because I know long submissions tend to become another tree amongst the forest.

Bryan Cifuentes

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