

Wal Dobrow

Confidential

ACCC Northern Australia Insurance Inquiry

By email: insurance@acc.gov.au

11 April 2019

Dear Chairman,

RE: *ACCC North Australian Insurance Inquiry's First Interim Report*

Insurance Commissions for most Strata Managers are an essential service provided to Owners. No professional would work for free. When insurance issues occur in a managed property it is the strata manager that deals with the broker and insurance company to ensure the issue is properly resolved. There are some strata managers that do not collect the commission but they charge a fee significantly higher than those strata managers that collect the insurance commission and look after insurance issues on the properties that they manage.

I understand that there are some common misconceptions about the strata industry, specifically the relationship between commissions and the strata manager, that were mentioned in the *ACCC North Australian Insurance Inquiry's First Interim Report*. Owners, managers, brokers, and the extended strata community must be given an opportunity to have any legislative changes carefully considered and this cannot be accomplished without full and complete information.

Recommendation 11 and *Draft Recommendation 9* of the *Interim Report* does nothing to solve the insurance problems. It may satisfy some political misinformed approach and somehow place blame where no blame is warranted. It would also leave an Owners Corporation (or Strata Company) vulnerable to seek their own insurance **and not have the benefit of economies of scale**. Seriously, you need to properly investigate this point because an insurance company will simply charge an Owners Corporation the full cost of insurance INCLUDING the commission they would have otherwise provided to the strata manager to manage the insurance aspects of a managed property. This is what I was advised by insurance companies when I last made this enquiry. YOU ARE NOT HELPING AN OWNERS CORPORATION BY REMOVING COMMISSIONS FROM STRATA MANAGERS. THEY ARE NOT THE PROBLEM.

SIMPLY PUT, IF YOU REMOVE THAT COMMISSION, YOU ARE PLACING THE OWNERS CORPORATION IN A FAR WORSE POSITION THAN WHERE THEY ARE NOW... GO AND CARRY OUT YOUR PROPER 'HOMEWORK' AND INVESTIGATION. AGAIN, SIMPLY ASK INSURANCE COMPANIES THAT OPERATE IN THIS AREA WHAT THEY WOULD CHARGE WHEN INDIVIDUALLY APPROACHED BY AN OWNERS CORPORATION, AND COMPARE THE RESULTS.

I am a Contractor Member of Strata Community Association (SCA), the peak industry body for strata managers and suppliers in Australia and New Zealand. SCA represents more than 5,000 entities and individuals who care for 2.5 million lots in Australia. Our profession prides itself on upholding standards and servicing lot owners for a reasonable fee and excellent service.

Broad brush reform risks unintended and damaging consequences for both consumers and associated businesses. As a key stakeholder in the strata sector, I support SCA's submission to the *ACCC North Australian Insurance Inquiry's First Interim Report*.

Yours sincerely,



Wal Dobrow