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Insurance Council and James Cook University announce strata risk research

The Insurance Council of Australia today announces it is scoping a research program with North Queensland's James Cook University aimed at identifying the key exposures in strata-titled property in tropical regions that may be causing insurable losses.

The announcement follows the release last month of a report by the Australian Government Actuary, which determined that strata insurance pricing in tropical Australia is undergoing a process of adjustment as a result of risk and vulnerability.

The chief executive of the Insurance Council of Australia, Mr Rob Whelan, said: "Many communities in tropical Australia are vulnerable to extreme weather that causes damage to property, including strata-titled buildings.

"The cost to insurers of cyclones and other weather events, and a reassessment of these risks, is resulting in sizeable premium increases for these properties.

"This research will examine strata properties of varying ages and building standards that have had insurance claims during the past decade. It will quantify their vulnerabilities and make appropriate recommendations about reducing the risks in similar properties.

"The Insurance Council believes the results of the research will be useful to strata insurers who need to assess the risks to individual buildings, as well as to property owners and body corporates who may subsequently undertake engineering assessments of their own properties to detect vulnerabilities and to apply suitable remedies."

Mr Whelan said a detailed Terms of Reference for the research was being developed. Once the Terms are agreed, a JCU team headed by Dr David Henderson will commence its research in December, with results due by April 2013.

"Assessing the vulnerability of strata-title buildings in tropical Australia is an important piece of research that will help communities, governments and insurers to understand the impact cyclones and other extreme weather has on individual properties," he said.

"This will empower unit owners and strata managers to make more informed decisions about how they might assess their own vulnerability.

"Addressing the underlying risks to property presented by events such as cyclones remains the most appropriate course of direct action to address the rising insurance and community costs of climate-driven extreme weather."