

16th July 2021

Mr John Trowbridge AM

Dear Mr Trowbridge,

Ski Club of Australia – Submission on Alpine Building bushfire and building insurance

I am writing further to a note from Michael Pennell, who I know from skiing at Thredbo. We are both members of ski clubs in Thredbo village and I am on the committee of the Ski Club of Australia.

He mentioned it could be helpful for you to receive a submission from some stakeholders in the resorts about the difficulty of obtaining building (including bushfire) insurance in the Australian ski fields in 2021.

About the Ski Club of Australia

We are a ski club with approximately 1,300 members. We are sublessees through Kosciuszko Thredbo (KT) of two buildings in Thredbo, one valued at just over \$8m and the other just over \$3.5m. Given their valuations (updated August 2020), both buildings required us to take a commercial policy, rather than a normal, less expensive retail insurance policy.

We are very diligent with our tree management and continually look at anything which may present a danger to the Club or surrounding buildings. KT and NPWS have both been very supportive through this process. I have been involved on the committee of the club for nearly 30 years and to the best of my knowledge, we have not made a claim in the last 25 years for anything related to building insurance.

Our Insurance for 2021

We have insured for many years through Logan's Insurance, which has been able to secure policies with Lloyds of London through various underwriting agencies such as Jardine Underwriting and SURA. In about July last year, Sura notified us it would not be offering terms of renewal for either of our buildings on November 30th 2020 – the date both our insurance policies were to expire. Sura was unable to extend at all. Sura behaved very well towards us and gave us plenty of notice. We had a good and long relationship with it.

We then began searching for insurers which may have been able to offer us terms. Our broker approached every contact he had (I do not have the exact number, but the process went for weeks) insurers requesting cover and it was not until January we were able to fully insure our smaller building worth \$3.5m and then early March for the Ski Club main clubhouse, valued at \$10m. The problem seemed to be a recurring story of "the underwriters have no capacity to take on more risk"

Why would they not/were they unable to take on more risk?

This is much more your domain than mine, but many of us feel the sensationalist coverage of the huge 2020 bushfires was shown overseas and which made many of those who previously offered cover withdraw or reduce capacity for anything in a bushfire prone area.

How we resolved our problem

For the smaller building, we were able to obtain the insurance in one line, with full bushfire cover. For the Club House, over a period of three further months, we were able to find two co lines to make up the 100%, but with only about 60% of the main club house insured for bushfire. We are now self-insuring the club house for approximately \$4m in the event of a bushfire and are very concerned that we may not be able to renew cover for 2022 even at these terms.

The premium for both buildings last year was \$45,000 and for 2021 it is just over \$125,000, with less cover than before. These terms are now becoming unaffordable, and the availability of bushfire insurance has almost disappeared.

Due to lack of capacity within the insurance markets, our broker has had to arrange 3 insurers to provide co-lines of insurance plus the underwriting agency have a limit on the amount they will pay in the event of a bush fire with deductibles this is summarised below.

INSURER: Various Lloyds of London Underwriters through the following:
Miramar Underwriting Agency Pty Ltd 47.5%
The Barn Underwriting Agency Pty Ltd 35% co-line with Miramar
Specialist Underwriting Agency Pty Ltd 17.5% co-line with Miramar

Bush Fire Sub limits:

Miramar	\$5,462,000	(100% of their 47.5% co-line)
Barn	\$ 175,000	(35% of their \$500,000 bush fire limit)
SUA	\$ 262,500	(17.5% of \$1,500,000 bush fire limit)
Total:	\$5,899,500	(maximum amount payable due to bush fire loss)

Excesses:

- Earthquake \$20,000 or 1% of the total value, whichever is the lesser
- \$5,000 for Weather Perils and resultant water damage from burst pipes
- All Other Losses \$1,000 except
- The Barn Underwriting Agency has \$50,000 on each and every claim
- SUA excess is \$5,000 except \$50,000 for bushfire claims.

Other clubs & commercial premises in Thredbo and their ongoing financial viability

I have good contact with a number of the other clubs in Thredbo and helped a number of them through the process, with their experiences being the same. For those clubs which are not financially strong, there is significant concern about how viable they will be in the future if insurance premiums remain at current levels.

Other clubs and commercial premises in Thredbo

I also spoke to KT and it has also had trouble with some of its buildings, despite being owned by Event Hospitality Ltd and using Marsh as its insurer for properties throughout northern QLD in the cyclone belt. One of the buildings it was unable to insure for bushfire, is besser block in the middle of the village, which we found interesting.

I hope this is useful information for you and I would be happy to expand on anything above if it would help. I have also provided this to the property department of KT

Kind regards

HUGH DOWLING**For and on behalf of the Ski Club of Australia****Cc. Mr Andrew Harrigan****Property Manager****Kosciuszko Thredbo**