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18 July 2026
The Insurance Council of Australia

General Insurance Code of Practice Redraft Panel
E: codeofpractice2026@insurancecouncil.com.au.

Re: Body Corporate – Strata Stakeholder Submission on the Redrafted General Insurance Code of Practice 2026

Objective: The Insurance Council of Australia (**ICA**) is seeking feedback on their 60 page <u>redrafted</u> General Insurance Code of Practice (**GICOP-2026**) as part of their regular review process. The ICA is undertaking a targeted consultation approach, focused **on stakeholders** who are directly affected by the GICOP-2026, and best placed to assess its consumer impacts, enforceability and operational workability. Following this consultation, the redrafted GICOP-2026 will be submitted to the Australian Securities and Investments Commission (**ASIC**) for approval to promote regulatory confidence and further enhance consumer trust.

Dear GICOP redraft review panel.

Thank you for the invitation to submit stakeholders' feedback. The Townsville Lot Owners Group (**TLOG**) are a committed advocate for the 15,000 Queensland Body Corporate Community Titles Schemes (**CTS)** lot owners in Townsville. Please find below our stakeholder perspective on residential strata insurance (**RSI)** in relation to your proposed GICOP-2026.

Executive Summary

TLOG is a volunteer consumer advocacy organisation representing residential strata lot owners across North Queensland (NQ). Since 2011, we collect and analyse RSI policies, renewals, quotations, premiums, trends, tax invoices, insurance sales practices, regulatory oversight reports and Queensland's RSI CTS insurance obligations.

The proposed daft GICOP-2026 seeks to deliver the three intentions (Appendix-A):
- consumer-centric;
- uplift consumer protections; and
- use plain language,

TLOG submits that the GICOP-2026 continues to overlook the unique characteristics of RSI which differs fundamentally from every other class of general insurance because it is:
- made compulsory under State legislation;
- purchased collectively through a body corporate rather than an individual consumer;
- administered by volunteer committees with disadvantaged insurance expertise;
- dubiously dependent upon five layers of insurance intermediaries (Appendix-B); and
- subject to disjointed State and Commonwealth regulatory responsibilities.

These unique characteristics create significant RSI consumer protection gaps that are not adequately addressed by the GICOP-2026.

TLOG considers RSI "cash cow" to be the least consumer-protected sector of Australia's general insurance industry despite the following RSI market attributes of:
- 368,000 strata apartment schemes[1];
- $1.4 trillion in insured assets; and
- 2.5 million Australian residents.
- purchasing $2.2b gross written premiums pa.
- delivering a 66% GP[2] as the most profitable sector GICOP market
- becoming GICOP- Australia lowest insurance risk class at 34% GLR[3].

The incumbent GICOP-2021 documents the word "strata" just once in its 60 pages. Ironically the proposed GICOP-2026 now lists the word "'strata" 16 times in its draft 60 pages which appear to negate and bias the RSI consumer protection objectives.

About TLOG

[1] City Futures Research Centre, UNSW Sydney, October 2025. Australian Strata Insights 2024
[2] General Insurance Code Governance Committee (**GICGC**) Annual Industry Data and Compliance Report for the 2024–25 reporting year. GWP = Gross written premiums and GP = gross Profit
[3] General Insurance Code Governance Committee (**GICGC**) Annual Industry Data and Compliance Report for the 2024–25 reporting year – GLR = Gross Loss Ratio

Townsville Lot Owners Group (TLOG) is an independent volunteer consumer advocacy group established in 2011. TLOG researches RSI affordability, transparency, competition and consumer outcomes throughout North Queensland.

Our work focuses upon improving:
- insurance affordability;
- consumer understanding;
- regulatory accountability;
- market transparency; and
- legislative compliance.

Residential Strata Insurance (RSI) is Different
- RSI is unlike any other general insurance product.
- Unlike household insurance where consumers have a to insure or not insure.
- RSI is prescribed and compulsory under State legislation.
- The RSI purchaser is not an individual.
- The RSI insured is a legal entity (the Body Corporate), acting through volunteer committee members who generally possess little or no insurance expertise. The ICA strata policy paper[4] has acknowledged the complexity of strata insurance and the intimidating reliance upon multiple commissioned intermediaries to sell and administer these now clustered[5] RSI products.

Consequently, many committees purchase insurance largely on trust and good faith. This places an unusually high obligation upon GICOP insurers and their intermediaries to provide clear, transparent and evidence-based advice.

Assessment of the Draft GICOP-2026

TLOG supports the stated objectives of the review.
However, the proposed GICOP-2026 code does not adequately address the consumer protection needs of RSI.

Our principal concerns include:
1. Removal of Industry Principles
The current GICOP-2021 code proclaims the following six consumer principles:

[4] Insurance Council of Australia – Improving consumer outcomes for strata communities - 51 pages Nov-2024
[5] Most North Queensland RSI tax invoices list the 3 mandatory state legislated products and 6 or more add-on and junk non legislated products.

- trust;
- integrity;
- fairness;
- transparency;
- respect; and
- meeting community expectations.

The proposed GICOP-2026 has dropped these six consumer commitments. TLOG considers this a significant cultural reduction in consumer protections.

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2. Residential Strata Insurance remains largely overlooked
Although the word "strata" appears more frequently throughout the GICOP-2026. TLOG find it imposing more RSI restrictions than protections than the GICOP-2021> The practical obligations remain largely unchanged. The GICOP-2026 continues to assume an individual retail insurance purchaser rather than recognising the BCCM Act-1997[6] legal structure and procurement and claims obligations of volunteer committee body corporate ownership.

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3. Non-subscriber insurers
Australia currently has approximately:

- 87 APRA-authorised general insurers; yet
- Only 45 subscribe to the current incumbent GICOP-2021 code.

This condition creates inconsistent consumer protections for the compulsory RSI. TLOG recommends that any insurer offering compulsory RSI should be required to subscribe to the Code.

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4. Insurer–Consumer relationships are increasingly disconnected
RSI increasingly relies upon multiple commissioned and fee charging intermediaries, including:

- brokers;
- underwriting agencies;
- body corporate managers;
- claims managers; and
- assessors.

[6] BCCM – Queensland Body Corportae Community Management Act 1997.

This often results in RSI consumers having little or no direct contact with the GICOP subscribing insurer underwriting the policy. The insurer's Code obligations should not become diluted through outsourced service arrangements.

Examples of RSI Consumer Harm
TLOG has documented some actual case samples where existing GICOP-2021 protections have been found most ineffective.
These include:
Case-1: Unconscionable greed
A Body Corporate required to purchase:

- a $250,000 annual premium; and
- a $500,000 cyclone excess,

requiring body corporate committee expenditure of $750,000 before any indemnity benefits became available.

Case-2: Abandoned Competition
12 insurers declining to quote on an ordinary suburban strata 9 lot complex without providing code inspired written evidence supporting their underwriting decisions.

Case-3: Lack of controls
A RSI claim still remaining unresolved after more than 511 days, with the body corporate committee believing the insurer may never have received the claim because of intermediaries bypassing and handling mal practices of the in force PDS.

Case-4: No risk evidence
A 40-lot scheme paying $1.5 million for compulsory premiums over two decades while making only $73,000 in claims. Despite repeated requests, no objective evidence supporting continuing premium increases was provided when risks have been body corporate mitigated.

RSI - Specific Concerns with the GICOP-2026

TLOG submits that the draft should reconsider:

- removal of Industry Principles;
- inadequate recognition of Body Corporate procurement and claims decision-making;

- insufficient renewal notice periods for compulsory insurance;
- lack of transparency regarding cash settlements;
- absence of mandatory written claims procedures;
- inadequate communication obligations during claims;
- No subscriber visibility of General Insurance Code Governance Committee (**GICGC**) enforcement outcomes;
- insufficient guidance regarding intermediary conduct;
- inadequate disclosure of commissions and fees;
- lack of transparency surrounding terrorism insurance costs and commissions;
- absence of minimum information standards for RSI renewal quotations.

Recommendations

TLOG recommends the final GICOP-2026 include the following.

Recommendation 1

Require that every APRA-authorised insurer offering RSI must subscribe to the GICOP-2026 .

Recommendation 2

Recognise RSI as a distinct insurance class requiring dedicated Code obligations.

Recommendation 3

Require **renewal** quotations to disclose:

- previous year's premium details ;
- current premium details;
- full cost disclosure of each line item product listed on the RSI tax invoice;
- five-year claims history;
- major policy changes; and
- reasons for significant premium increases.

Recommendation 4

Require all RSI claims to be formally lodged in writing and acknowledged in writing with the body corporate committee – ie the policy holder.

Recommendation 5

Require insurers to provide direct contact details for their responsible claims officer, thus mentoring the intermediaries

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Recommendation 6

Require clear detailed line-item disclosure of each of the RSI tax invoiced products:

- fees and commissions;
- compliant taxes and duties;
- terrorism insurance procurements and fees and charges;
- all intermediary remuneration per Appendix-B and Appendix-C; and
- optional – add-on and junk discretionary insurance products.

Recommendation 7

Require all RSI Product Disclosure Statements to be ASIC “fit for purpose” assessed for delivering the GICOP-2026 intents (Appendix-A) for consumer + protection + comprehension delivery.

Recommendation 8

Increase compulsory renewal notice periods for RSI from 14 days to 60 days minimum to enable the committee volunteers time for product governance and risk verification questions, AGM budgeting and lot owner consultations to be conducted.

Recommendation 9

Strengthen reporting obligations of the CICGC by publishing subscriber breach statistics and particulars relating specifically to RSI GICOP providers.

Recommendation 10

Clarify and define how Code role obligations apply where insurers outsource RSI procurement and claims functions to brokers, body corporate managers or other intermediaries. (ie define the Appendix-A – role descriptions)

Recommendation 11

Ensure the Code defines clearly to the RSI consumer which suites of documents actually form the insurance contract.

Conclusion

RSI is Australia's most complex compulsory insurance product.

Its consumers depend upon volunteer committees operating under State legislation while interacting with a complex network of insurers and intermediaries regulated primarily under Commonwealth law.

This regulatory overlap requires stronger—not weaker—consumer protections.
While TLOG supports the objectives (Appendix-A - intent) of GICOP-2026, we consider that the current draft does not adequately address the unique characteristics of RSI.

Without targeted amendments, the GICOP-2026 risks continuing the consumer protection deficiencies that have contributed to increasing GICGC and AFCA complaints, declining confidence, the national housing crisis, and poor consumer outcomes within the RSI sector.

TLOG respectfully encourages the review panel to strengthen the GICOP-2026 by recognising RSI as a distinct class requiring enhanced transparency, accountability and consumer protections.

We appreciate the opportunity to provide this submission and would welcome further consultation with the review panel.

Yours faithfully,

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Strata Insurance Advocate- Spokesperson - Townsville Lot Owners Group (TLOG)

***TLOG** Strata Consumer Advocate.*
***TLOG** - Townsville Lot Owners Group. Strata Comparisons©™ Strata Data©™ A 2011 volunteer community service group who collect and analyse strata building insurance tax invoices and product policies. TLOG also analyse and report on the volumes of federal insurance inquiry purported claims to help our Northern Australian (NA) and North Queensland (NQ) Strata consumer, Regulators and Politicians improve their NA and NQ strata insurance crisis understandings, actions and affordability issues. We trust improved*

strata insurance understanding helps State and Federal regulators legislatively repair the damaged Queensland $245 Billion Strata Body Corporate Community Titles Scheme economy, an economy that accommodates over one million diverse residents. ***One in five homes*** *in Queensland is a strata home. The entire Queensland Strata economy is operated by 150,000+ committee volunteers devoid of any dedicated political empathy to audit and repair the defective 1997 legislations to deliver perpetual strata community well-being and safe home sanctuary.*

Appendix-A: the GICOP-2026 - Three Intents

1. Consumer centric
2. Unplifting consumer protections
3. Written into easy to understand language.

Parliamentary Flood Inquiry

The House of Representatives Standing Committee on Economics Inquiry into insurers' responses to 2022 major floods claims examined insurer responses to recent major flood events and identified issues affecting consumer outcomes. The Inquiry recommended that the GICOP be strengthened to improve consumer protections in disaster contexts and enhance claims handling practices.

Approach to redrafted

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The industry published an Action Plan in March 2025 setting out its response to the recommendations for changes to the GICOP, and other changes proposed for the sector. This response provided a transparent roadmap for an updated GICOP. The intent for the redrafted GICOP is a consumer-centric redrafted Code, uplifting consumer protections and written in easy-to-understand language.

Appendix-B: Insurance Council of Australia – Gravy Train

Observation-35.B1 Townsville Lot Owners Group
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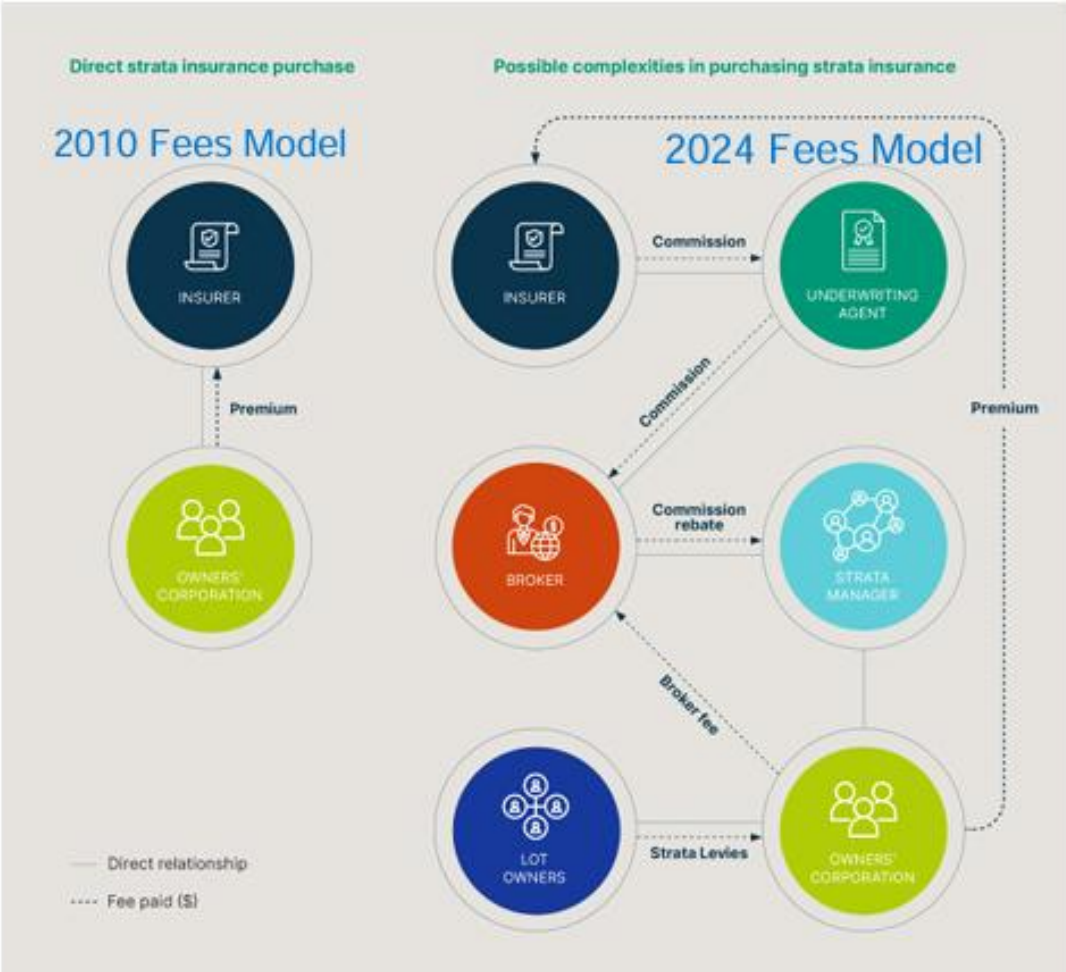
The ICA 2024 strata insurance sales gravy train

Figure 1: Illustration of strata insurance distribution



Please note that the remuneration agreements between the insurer, underwriting agent, broker and strata manager may vary. The diagram is intended to illustrate the possible payments made between different parties and does not suggest that all commission and fees are made separate to the premium paid by the owners corporation.

< 2010 Model: Retail insurance involved a one-on-one transaction, resulting in a single sales commission.
> 2023 Model: Insurance intermediary fee chains now result in up to five sales commissions per transaction.

Lot owners are no longer treated as the customer, as illustrated by the above ICA 2024 "Sales Gravy Train." The Strata Manager (SM) is now positioned as the primary insurance customer. As Steadfast told ABC TV, "it is their SM agent who writes the cheque... the Committees have no idea!"

The 2024 ABC Four Corners + ACCC "Strata Trap" documentary cautioned consumers against purchasing strata apartments due to rampant kickbacks and misleading practices that saturate the industry.

ICA Policy Paper Improving consumer outcomes for strata communities - November 2024 - page 13 of 51

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Appendix-C: SCA Strata Insurance Intermediaries