



Frank Zipfinger <frank.zipfinger@gmail.com>

SLOPES - Insurance Program review - Important changes - Please read and act without delay - Email address to use --

Frank Zipfinger <frank.zipfinger@gmail.com>
To: Frank Zipfinger <frank.zipfinger@gmail.com>

15 December 2020 at 13:49

From: SLOPES <slopes.au@gmail.com>
Date: Tue, 15 Dec 2020 at 13:39
Subject: SLOPES - Insurance Program review - Important changes - Please read and act without delay - Email address to use
DRAFT
To:

Dear SLOPES Members and Associates

In reference to our last email (see below), the contact for Barrack Broking is Charles Gow-Gates.

Given time is of the essence, please put the letter of authority on your Club letterhead, complete the blanks and scan a signed copy directly to him on this email: cgowgates@barrackbroking.com

Thanks

Regards

Frank Zipfinger
President
SLOPES

From: SLOPES <slopes.au@gmail.com>
Date: Tue, 15 Dec 2020 at 13:05
Subject: SLOPES - Insurance Program review - Important changes - Please read and act without delay
To:

Dear SLOPES Members and Associates

We write to provide you with further information concerning the Insurance Program for SLOPES Clubs.

As you know insurance premiums increased dramatically at the last renewal due to an increased risk of bushfires together with other natural environmental effects across the globe. Fortunately the increases in our program were significantly less than the 600% increases in many Victorian resorts and the caps on bushfire cover. Since then a number of insurers have left the alpine market. See here yet another article on this issue: <https://www.abc.net.au/news/2020-12-11/alpine-businesses-cry-out-for-government-help-with-insurance/12964354>

As previously advised, SLOPES retained Barrack Broking to undertake a comprehensive review of the insurance program for SLOPES Clubs including identification of markets (especially problems in those markets) and opportunities that might be in the best interests of members. **As a result we are very concerned that, unless we make the changes recommended below, insurance cover will not be available from any source for our Clubs at the time of our next renewal in May 2021.**

For this reason we have:

- appointed Barrack Broking to act as the broker on behalf of participating SLOPES members;
- retained Barrack Broking to approach insurers to obtain the best possible terms that are available next year.

The goal is:

- a) to work with an insurer which has a long-term commitment to alpine risks and a strong financial rating
- b) offers competitive pricing and coverage (including bushfire coverage), and
- c) has the flexibility to structure the program on a group arrangement.

To assist in obtaining the best possible insurance SLOPES recommends that each Club participating in the SLOPES program, or wishing to do so, completes the **attached** Letter of Appointment.

Our discussions with Barrack Broking have been positive and we anticipate that:

- SLOPES members will have access to full bushfire cover (which is presently very difficult to obtain and often limited to \$250,000), and
- will pay a premium that is the same or marginally more than in the present year.

Due to the pressure on the limited insurance available, time is of the essence and we strongly recommend that you complete and return the attached Letter of Appointment by Monday, 21 December.

In addition when returning the Letter of Appointment please also complete the online Survey Monkey Form at: <https://www.surveymonkey.com/r/WYPHG8S>

The information in the Survey Monkey goes to Barrack Broking and will assist them in obtaining the best possible terms and premium for all SLOPES members. Once appointed, Barrack Broking will undertake the administration of these changes on behalf of all Clubs that elect to participate in these new arrangements.

Finally:

- as part of the process members that appoint Barrack Consulting will need to cancel their current policies. Members will be refunded the remaining premium pro rata (minus a small admin fee)
- You may receive unsolicited invitations from brokers in the coming weeks. We recommend that you do NOT respond at this time – as we expect that through Barrack Broking we will be able to offer the best terms and premiums that are available.

As a result we have identified at least one insurer that will provide full bushfire cover and maintain premiums at the current level and another that has capacity to offer terms as well.

To be clear this offer is open to ALL CLUBS, whether or not you are currently in the Marsh program.

We apologise for the short notice but our advice is that it is in our best interests that we as a group move quickly to change our arrangements given the state of the market for alpine cover.

We strongly encourage Clubs to participate in these new arrangements. The strength of the Insurance Program for SLOPES Clubs since its introduction in 2003 - which has delivered many benefits - in large part derives from our very high Club participation numbers and our concerted action in the face of ever changing circumstances. This is another one of those occasions, arguably the most challenging ever experienced for alpine insurance in Australia.

Please let us know if you have questions.

Regards

Frank Zipfinger

President

SLOPES

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2 attachments

 **Letter of Appointment (SLOPES & Barrack Broking).docx**
28K

 **ABC - Bushfire insurance premiums.pdf**
674K

[PLEASE ADD LETTERHEAD]

14 December 2020

Insurers
c/o Charles Gow-Gates
Barrack Broking Pty Limited
P: +61 2 9191 7320
GPO Box 3028, Sydney, NSW, 2001

LETTER OF APPOINTMENT

We appoint Barrack Broking Pty Limited as our insurance broker to manage all of the insurance requirements for [PLEASE ADD LEGAL ENTITY – e.g. Mirrabooka Co-operative Ski Club Limited], as well as subsidiary and related companies.

We authorise current and former insurers to provide Barrack Broking Pty Limited with all information which they request regarding the insurances and claims history over the past Five (5) years.

This appointment replaces any existing appointment with any other insurance broker.

Yours faithfully,

[Name]

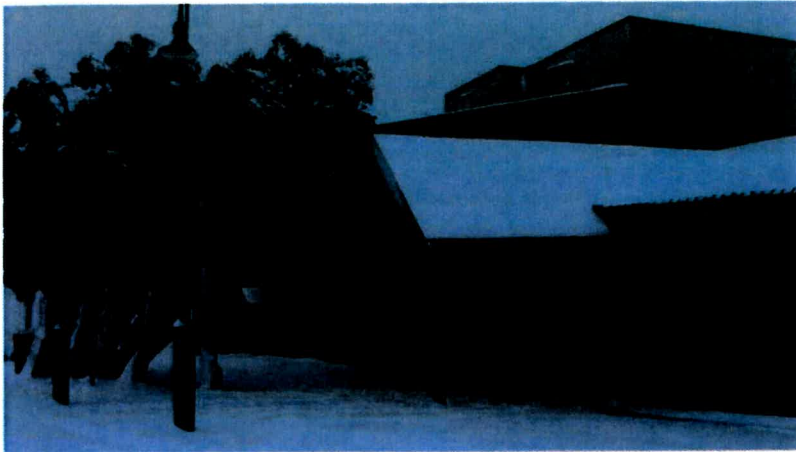
[Title]

ABC NEWS

Bushfire insurance premiums up by as much as 400 per cent in Victoria's alpine regions

ABC Goulburn Murray / By Jackson Peck

Posted Fri 11 Dec 2020 at 7:00am



Many alpine resort business owners say adequate bushfire insurance has become unaffordable. (Supplied: John Perks)

Victorian alpine property owners say they're losing sleep as they struggle to get insurance after last summer's fires, while other are forking out for price increases of more than 400 per cent.

John Perks, who runs the Arlberg Hotel at Mount Buller, says he just managed to find an insurance policy — but the cost has more than tripled.

"I haven't slept for nights and nights, because it's such a major issue if you really care about your business and your life," he said.

"Everything I've got in the world is in this building.

"I've been here 33 years and my insurance has always been around the same — \$65,000 a year."

Mr Perks said his brokers tried for months to find a suitable policy, which came through in the nick of time.

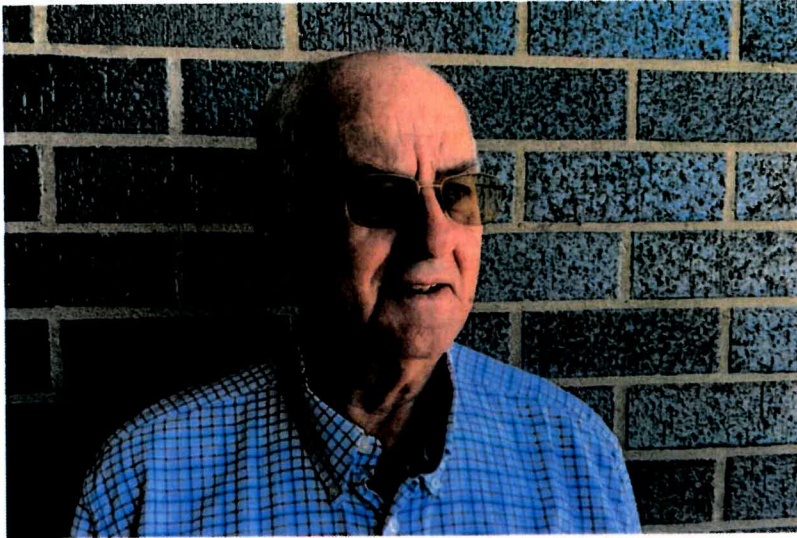
He is still finalising the details, but fears he could be looking at a cost of as much as \$240,000.

"It's just diabolical and no-one can seem to help," Mr Perks said.

"I've lost 95 per cent of my income this year — as has everybody else — and now you're looking at this huge increase."

Key points:

- Alpine business owners and residents are falling foul of the "reassessment and repricing" of insurance after the summer fires
- Representative groups are calling for the Victorian Government to intervene in what they're describing as a "market failure"
- Brokers are scouring the market on behalf of clients, but say they are now being forced to try and manage "expectations"



Like many other property owners in his area, John Perks's back is to the wall when it comes to insurance. (Supplied: John Perks)

'We're all kind of screwed'

Mount Buller Chamber of Commerce President Socrates Pilipasidis said his members were worried because they were legally required to have bushfire insurance.

"The leases on Mount Buller stipulate that you must have bushfire insurance," he said.

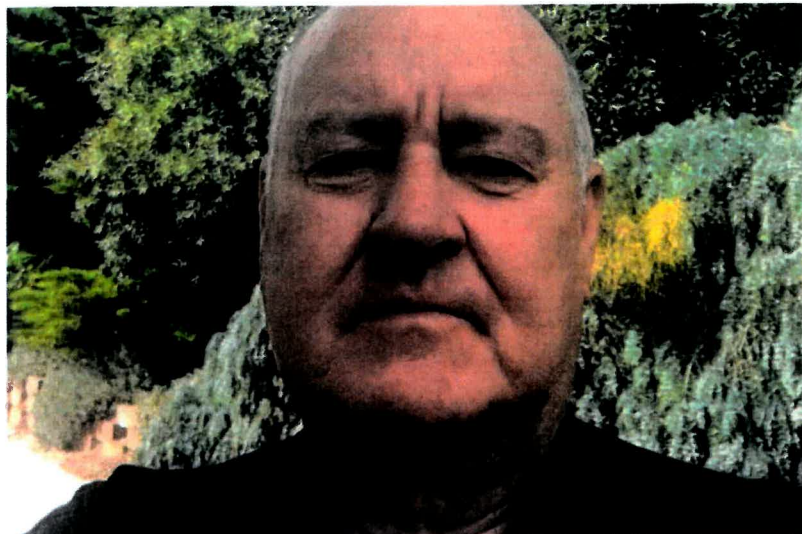
"So if you can't get it, you're in breach of your lease with the Government."

Properties in alpine resorts are leased by their respective Resort Management Boards, which are regulated by the Victorian Government.

"We're all kind of screwed at the moment," Mr Pilipasidis said.

"People want to comply but they're finding it very, very difficult.

"The costs have risen beyond what people can afford."



Chris Hollier says many of his members are anxious as they haven't been able to find bushfire cover. (Supplied: Jackson Peck.)

'Just ridiculous'

Chris Hollier from the Mount Buller Ratepayers Association said the State Government needed to step in.

"You've got a situation where people can't get insurance based on something that's been happening for more than 100 years," he said.

"It's just ridiculous — and there's never been a building or lodge lost at Mount Buller from a bushfire.

"It's a market failure."

Nearly 70 per cent of the organisation's members responded to a survey in August on the issue.

Of the 75 respondents, more than two thirds said they currently did not or would not have bushfire coverage this season.

"It's a fairly critical situation, especially as some of our members weren't even aware that the company they were insured with didn't cover bushfires," Mr Hollier said.

"Forty-three per cent highlighted that premium increases were greater than 50 per cent.

"In the lodge that I'm in ... our insurance bill went from \$17,000 to \$31,000, and that's pretty much the norm.

"There's dozens of brokers running around trying to get insurance but there's only a handful of actual insurers."

In a statement, a Victorian Government spokesperson said:

"While ultimately the Commonwealth regulates insurers, the Victorian Government has sought to engage with the Insurance Council of Australia on this issue in the hope of finding a better outcome for our alpine ski resorts.

"The Department of Environment Land Water and Planning and Bushfire Recovery Victoria have also raised this issue with the State's insurer, who is working with the commercial insurance market to advocate for a solution."

'Almost uninsurable'

MGA Insurance Brokers managing director Paul George is among the brokers trying to find insurance for dozens of alpine resort businesses.

"We're seeing clients that are in pretty dire situations," he said.

"Post the fires, we've found everything's really tightened up to the point where we've found some properties are almost uninsurable.

"I certainly think the bushfires we had in 2019-20 made the market aware of just how many large assets are actually in these regional areas, and obviously there was some fairly significant properties damaged."

Mr George said he had noticed there was a problem in June when his clients' insurance policies were coming up for renewal.

"We were receiving a lot of noes," he said.

"When you're seeing that for buildings that should be relatively easy to insure, that's when we really knew that we had some real issues on our hands.

"We've sort of got to the point now where we're having conversations with the customers two months out, to set expectations."

The insurance industry's peak body acknowledged the problem but said premiums had risen following a "reassessing and repricing" of risk after last summer.

In a statement, a spokesperson from the Insurance Council of Australia said:

"The Insurance Council acknowledges the need for affordable insurance in the region and we are looking at ways we can address this important issue.

"Additionally, focus needs to be given to measures that address other causes of premium increases — namely the high level of risk for some building stock in bushfire and natural disaster prone locations.

"Insurers have received about 12,470 claims valued at \$890 million from small and medium business related to last summer's bushfires.

"Ninety per cent of commercial claims have already been settled."

A spokesperson for the Victorian Government's insurer and risk adviser, Victorian Managed Insurance Authority, said they were in ongoing discussions with their clients, as well as commercial insurers, on a range of risk and insurance matters.

Mount Buller Resort Management Board has been contacted for a comment.