

[REDACTED]
SUBMISSION FOR INSURANCE INQUIRY

In 2011, the Body Corporate for [REDACTED] experienced a significant and unexpected increase in their insurance renewal for the Body Corporate building insurance.

Comment [W1]:

In 2010, the Body Corporate paid \$19566.56 for their insurance premium for Body Corporate with [REDACTED].

However, when the renewal for the period 2011-2012 was received, [REDACTED] quoted a renewal price of \$78479.77, an unexpected 400% rise. There was no other insurance company able to quote on our \$10 million replacement cover as required under the legislation.

Consequently, as a result of the Body Corporate having insufficient funds in their bank account to pay the premium outright, the Body Corporate was required to enter into a premium funding arrangement.

Pursuant to the Body Corporate and Community Management Act, Section 178 states that the Body Corporate must insure for full replacement value of the common property and the Body Corporate assets. Therefore, it is a mandatory requirement that the Body Corporate remain insured, despite the financial burden this is placing on owners.

The owners are now required to pay \$2,240.00 per unit per annum for insurance. This is an excessive amount in respect to the units having a possible market value of \$150,000, our building replacement value is \$285,000 per unit.

At the time of receiving the quote for renewal of insurance, the Body Corporate broker did attempt to obtain alternative quotes. However, there are now a limited number of insurers who will insure in this region. Other insurers in the region will not insure unless certain requirements are met i.e. building sum insured falls under \$5,000,000.00.

Therefore, the Body Corporate had no alternative than to accept the quote from [REDACTED] to ensure that they complied with the Body Corporate legislation and insured their building to protect their asset.

I submit that legislation be changed in regard to strata titled properties

Sincerely
Deborah Morison
On-site Manager

[REDACTED]
[REDACTED]
[REDACTED]

