

SUBMISSION TO PARLIAMENTARY INQUIRY RE STRATA TITLE INSURANCE

We are the owners of a 3 bedroom unit in the [REDACTED]
[REDACTED]

Over the past few years, strata title insurance for our complex has skyrocketed.

In 2009/2010, our insurance premium with [REDACTED] was \$6939.00.

In 2010/2011, our insurance premium with [REDACTED] increased to \$11740.00.

In 2011/2012, [REDACTED] quoted a renewal premium of \$45000.00, a massive increase.

We were able to find alternative cover with [REDACTED] at a premium of \$29366.00. Eventually, we accepted insurance with [REDACTED] at a premium of \$18127.00 per annum.

This policy is due to expire at the end of April 2012, and we are aware that [REDACTED] will not renew this policy as they are no longer insuring in North Queensland. As far as we know, there is only one insurer that is now active in North Queensland, and God only knows how much they will ask for a premium.

If it is a State Government requirement that it is compulsory to have insurance on all strata title properties, then it would seem logical that the State Government should have its own insurance company to cover this (as in the Northern Territory), or alternatively change the law. However, this may not be acceptable to the numerous banks that hold mortgages on Strata Title properties here.

As a matter of interest, our particular body corporate has NOT had any insurance claims in over ten years that we are aware of.

As we own this unit as an "investment" property, we have been unable to pass on the substantial increases in insurance costs as the rental market cannot sustain the levels of rent required to make this investment profitable. This in turn makes a sale of the property not viable to an investor, and owner occupiers are increasingly aware of the potential burgeoning fixed costs that they may have, and are rightly reticent about purchasing any strata title property.

We also own investment houses in Cairns, and whilst the insurance premiums have increased, it is nowhere near as significant as that for strata title property. This seems illogical as most strata title properties fared much better during our last cyclone season than individual houses.

ALLEN AND JULIE FENECH
[REDACTED]

13 January 2012