

Michael Keaveney
[REDACTED]
[REDACTED]

8th January 2012

Re: The exorbitant increase in Body Corporate insurance in Far North Queensland

Dear sir/madam,

I am paying off a modest 2-bedroom unit in [REDACTED] in North Queensland. The unit was purchased for \$150,000 in January 2006. I was an owner/occupier until early 2010, when due to the downturn in the construction industry in FNQ, I was forced to move to Sydney to find work.

The [REDACTED] apartment complex is made up of 35 solidly built brick units in blocks of 4 (2 up and 2 down in most instances in a series of several buildings) and was constructed in 1984.

Insurance claims on the complex since 2006 to date total \$3009.

After Cyclone Yasi (which did not directly affect the complex) the [REDACTED] insurance premiums rose from approx \$11,000 pa in 2010 -11, to \$78,479 for the current period - a 700% increase. To add insult to injury the new policy will not include flood damage.

The committee and residents have tried to source other insurance companies in the Residential Strata market such as [REDACTED], [REDACTED] and [REDACTED]. We have been advised that they are not quoting on anything in North Queensland. [REDACTED] declined to quote as the insured building sum was above the underwriter's capacity. [REDACTED] have confirmed that they are no longer writing properties in the North Queensland area with a construction date prior to 1994.

Due to the fact that most insurance companies are unwilling or unable to quote we are between a rock and a hard place as strata owners are required by law to have the necessary insurance.

In our situation, the Body Corporate was obliged to borrow from [REDACTED] for the purposes of insurance premium funding and thereafter raise a special levy of \$69,097 to pay the balance of the insurance premium.

I believe [REDACTED] are using their market dominance to price gouge their customers in North Queensland causing a great deal of hardship and stress to people already doing

it tough in the flat local economy. The exorbitant increase coupled with very high local government rates makes these properties “on the nose” to potential buyers and investors and impossible to sell.

This situation is unsustainable and cannot be allowed to continue.

Yours faithfully

Michael Keaveney