

Submission to the Inquiry into residential strata title insurance.

Person making Submission: Peter Leggat, Treasurer, [REDACTED]
[REDACTED]

Address of Person Making Submission: [REDACTED]

Dear Sir/Madam

Thank you for the opportunity to make a submission to the Inquiry into residential strata title insurance.

Background

Our strata title property consists of 8 x 2 bedroom units of approx. 72 square metres of total living space located over 2 levels. It is a concrete block and steel roof construction. The only accessory to the property is a pool. It is located just outside of the worst case scenario zone predicted for a Tsunami.

Increase in premium

In respect of the Terms of Reference (ToR), in response to ToR (a), I can advise that our strata title building insurance went from a premium of \$5754.40 in 2011 to a premium of \$12,197.20. This is an increase of approx. 212 % following Cyclone Yasi, after which there was no claims made in respect of our unit block.

Difficulties accessing insurers

Not all insurers contacted would insure our property. Only 2 of the 6 insurers contacted would offer a quotation. The other 4 insurers indicated that they would not insure in Far North Queensland (which strangely includes Townsville). Indeed, our previous insurer would no longer insure our property. From the remaining options, our body corporate chose a cheapest option for its insurance by necessity as the increased cost must be borne by the 8 unit occupiers, who will each be paying an extra \$805 per year. This would appear to represent a failure of the insurance industry to cover Townsville strata title units adequately with much less competition (ToR (c)).

Excesses

The worrying issue in the re-insurance quotes was the emergence of excesses in the order of \$10,000 in the case of one quote. This would require our body corporate to levy immediately each owner \$1250 to establish an insurance contingency fund.

Additional issues

Increasing body corporate fees and fees for sinking funds will inevitably flow onto the rental market as well and increase the cost of living in Townsville. There appears to be sufficient evidence from just this one disaster to examine options for intervention.

I am happy to be contacted to elaborate on any specific issues.

Peter Leggat

Treasurer, [REDACTED]

Date: 16 January 2012