

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: Submission: Federal Government Inquiry - Strata Insurance
Date: Sunday, 15 January 2012 9:15:00 PM

RE: Submission – Federal Govt Inquiry – Strata Insurance

In regard to the above we would like to submit Questions and information as follows:

Our Insurance for our Investment Unit has increased astronomically over the past 2 years. Since 2008 our Annual Insurance (complex 5 Units) has increased from **\$2503/2008, \$3459/2009, \$6005/2010** to Quotes in 2011 which ranged from **\$11,375 to \$22,506**. (Increases of near **650%** in 3 years)

We have been informed by our Body Corporate Managers and Strata Community Australia this is due to [REDACTED] (previous Insurer) withdrawing from Strata Insurance and other Insurance Companies (of which there are apparently few willing to offer Insurance) unashamedly increasing Insurance premiums due to the High Risk factor (cyclone zone).

Given the chances of this (Cyclone) actually happening being less than damage incurred from severe storm damage in the far more populated South East QLD or Central-Northern NSW we feel we are being unfairly targeted for these increases. (We draw your attention to pamphlet handed out in Cyclone Ready Kits from our local council – Issued by Australian Government, Attorney-General's Department, Bureau of Meteorology). In this it states QUOTE: "Severe storms are localised events, usually affecting smaller areas than tropical cyclones and floods, so their devastating impact is often under-estimated. These storms, which are more common than other natural hazard, can occur anywhere in Australia. Each year, on average, severe storms are responsible for more damage (and cost the insurance industry more) than tropical cyclones, earthquakes, floods or bushfires."

We feel that these Insurance companies are unfairly targeting us as these types of increases are becoming unaffordable and unsustainable for both Owner Occupiers and Investors. It has been reported that we are paying 6-8 times the rate in Brisbane. It was also pointed out at a recent meeting (Natural Disaster Insurance Review Forum-Townville) that these increases have severely decreased the value of all Strata Title properties as no-one wants to touch them as the Insurance factor is so high.

We realise it has been a disastrous year for both Insurance Companies

and Home and Unit owners in Queensland, however we should not be used as some sort of "cash cow" to reimburse Insurance Companies. This may not be their intention, however, how can we not feel this way? The Insurance Companies know we have no alternative but to accept their prices or take the risk of being uninsured, which is not an option.

The magnitude of the increases in the cost of residential strata insurance over the past 5 years, the reasons for these increases and whether these increases are likely to be sustained are all questions we feel need some thorough investigation.

We believe these factors provide justification for government intervention into the residential strata insurance market.

We hope this submission will be looked upon favourably and your actions are waited upon with great expectation.

Calvin & Sharon Berryman

