

From:
To: Committee, SPLA (REPS);
Subject: Inquiry into residential strata title insurance
Date: Friday, 13 January 2012 6:03:14 PM

Good Afternoon,

I am writing on behalf of the committee for the [REDACTED] villa complex at [REDACTED]. I am Chairperson of the committee. The [REDACTED] complex is governed by a body corporate and we have been affected by increases to insurance premiums for residential complexes in North Queensland.

On 2 February 2011 the committee agreed to renew our insurance policy with [REDACTED]. The cost of that policy had increased by 77% on the previous year.

In written correspondence from our body corporate manager and insurance broker dated 24 January 2011 the committee was informed of a number of factors affecting insurance for body corporates in North Queensland.

We were informed the premium increases that were made by [REDACTED] were made in 2010 prior to Cyclone Yasi. We were also advised that in that same year [REDACTED] withdrew all policy discounts.

In addition to the increase in premium we were also informed of changes amongst other providers. Our insurance broker provided examples of seven other insurance providers:

- a) Two insurers withdrew from the market completely ([REDACTED]);
- b) Three insurers reduced the value of risk they would insure to \$6,000,000 or less ([REDACTED]);
- c) One insurer declined to provide a quotation [REDACTED]; and
- d) One insurer varied their policy to include 'Named Cyclone Excesses' in addition to increasing their premiums [REDACTED].

We were not informed if any of the changes by other insurers had come into effect before or after Cyclone Yasi.

In our submission the increase in premiums is affecting the ability of some owners to meet their financial commitments.

However there is another important matter that needs to be examined which is the apparent lack of competition that now exists amongst insurance providers in North Queensland. With insurers either withdrawing from the market or making their product less valuable or reasonable body corporates now have far less choice in their insurance provider.

I would like to attend the public hearing on 30 January 2012 at Cairns and I would be willing to discuss the matters I have raised in this submission. I can be contacted directly on [REDACTED]

Yours faithfully,

Joseph Crawfoot