


15th Jan, 2012

From: D. B. & S. Z. O'Neill


To Whom It May Concern

re **INQUIRY INTO RESIDENTIAL STRATA TITLE INSURANCE**

We are the owners of seven residential units in Townsville, which we rent as part of our business.

Body Corporate insurance premiums for these units have increased between 350% and 450%. Government has legislated that body corporate insurance is compulsory so therefore it is essential that the government intervene in what has become a biased rip-off of property owners in Nth. Qld. using the geographical location as a poor excuse.

This increase cannot be sustained, and cannot be passed on to tenants. Our business is now in a loss situation.

We are convinced that the insurance companies and underwriters are simply “revenue raising” and using the “cyclone area” as a so called legitimate excuse. Townsville had almost no structural damage after Cyclone Yasi, and it is a known fact that the cost of damage from cyclones in the North is a mere fraction of the cost of damage in the Southern areas – e.g. Brisbane floods, Newcastle hail, Melbourne & Sydney storms, Victorian bushfires etc!

Why should property owners in the North be subsidising those in the South except that the insurance companies feel they have a “legitimate” excuse to rip us off, i.e. the “cyclone zone”!

We have no competition amongst insurers in the North – there had been only three companies who would offer strata title insurance, and now there are only two. We are “sitting ducks” to be “ripped off”! At the best we can get two quotes, and in many cases, both companies refuse to quote at all how then do we obtain the insurance which the law states we must have?????

As with most areas, units are often owned by elderly people on pensions or fixed incomes who have nowhere else to go (please consider the totally inadequate aged care facilities and the fact that the govt. encourages people to stay in their homes for as long as possible) – these people – our seniors – have **no ability to meet these unjustifiable costs inflicted upon them**. This will eventually lead to an increase in homelessness as lower income earners are pushed beyond their limits.

Already the real estate sector has felt the negativity of the global economy – the unit sector far more so than houses. This current crisis with insurance “rip offs” will send the value of units in the North into an avalanche! Not only will this send unit owners into ruin, it will also ruin the businesses which feed off them (body corporate managers, real estate agencies, repairs & maintenance etc) and will further effect the housing shortage in North Qld (note here huge increase in defence force numbers in Townsville).

The govt. needs a committee of **business** people to help with this issue: Those needing representation are –

- Aged people
- Unit owners
- Developers
- Independent successful business people

Not just bureaucrats!

It is absolutely essential that the government intervene and break up this “old boys club” which is feeding off the “geographical location” of Nth Qld!

Yours faithfully,

D.B. & S.Z. O’Neill