

To:

The House of Representatives Standing Committee on Social Policy and Legal Affairs.

Re: Inquiry into residential strata title insurance.

From:

Body Corporate for [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] constructed in 1988/89 comprises 2 units (duplex) single level, sharing a common wall. Construction is concrete masonry block, zincalume roofing and aluminium framed windows and has been constructed in accordance with the relevant cyclone building code.

The property is not within the Cairns Regional Council tidal surge zone.

The following are the concerns of the above Body Corporate:

- Increase in insurance premium of approximately 100% from 2009 to 2011, and if increases of this magnitude are to manifest themselves as the norm. These increases far exceed the consumer price index.
- The lack of competition between providers of strata title insurance. The increase in insurance premiums coincided with the withdrawal of Suncorp from the market.
- In terms of the *Body Corporate and Community Management Act 1997* (Qld) the body corporate must insure each building for its full replacement value. The risk of having an event that would cause the complete rebuild of structure of the type of [REDACTED] would appear to be very low as opposed to a more inferior type structure constructed prior to the commencement of cyclone building codes. Perhaps the relevant State building regulations could include a system of '**Risk Rating**' accreditation given to the various types of construction and location, e.g. building design and age, building material strength and attributes, the likelihood of total destruction, whether the property is within a flood/tidal surge zone, fire risk rating etc. Insurance providers could then be encouraged to adopt this '**Risk Rating**' to be used in a *risk/price formula* when calculating insurance premiums. Insurers failing to calculate premiums in this manner could lose market share. By adopting the '**Risk Rating**' consumers would be offered a more quantifiable product.
- As the State Government has legislated that all residential strata properties must have building/asset insurance, the State Government should in-turn set the parameters for calculating premiums, and guarantee to underwrite insurance company policies.

If insurance costs continue to escalate body corporate fees, it will ensure the end of future development of medium to high density living with the populace reverting to environmentally unsustainable large lot single unit dwelling accommodation.

Contact: Ken Ellett – [REDACTED]
[REDACTED]