

Michael Price



Chairperson  
Insurance Inquiry

To whom it may concern:

I am writing to ask you to investigate the spiraling cost of insurance for Strata Title units in North Qld, particularly over the past 3 years. As Chairman of the body corporate responsible for 50 apartments, known as [REDACTED], we have seen our building insurance premium increase from approximately \$25,000 per annum in 2009, to \$47,000 in 2010, and last year, 2011, it increased to \$145,000. To compound this situation, when preparing the budget for Body Corporate fees for 2011, we assumed a small increase in insurance, given the large increase the prior year, however, we found that we had underestimated by \$100,000. This money was obviously not available to us in our budget, so we had to pay the insurance in installments. This pushed the total cost of the insurance even higher, by at least \$20,000.

This has put a lot of financial hardship on many of the residents for 2 reasons. First, the body corporate had to impose a special levy on all owners to raise enough money to pay this years premium. \$100,000, divided by 50 units is an extra \$2000 each owner had to find, and within 2 quarter years. Next, the body corporate had to raise enough money over the next 2 quarters to ensure that we have enough (hopefully!) to pay the NEXT years premium when it is due. This has resulted in body corporate levies amounting to nearly \$1000 per month, or \$12000 per year, compared to around \$3200 per year just 2 years ago. Many of the owners are retirees, and they are having great difficulty in finding the extra money. This is, of course on top of the council rates and charges, which have also risen substantially, and ever increasing electricity costs.

There appears to be a lack of competition for this insurance as many companies have left the market here. If it was up to the committee, we would choose to self insure. We have no elevators, strong block buildings, only 3 levels, and little to no likelihood of serious damage from natural disasters. However apparently governments won't allow us to do that, leaving us to the mercy of insurance companies who seem to be taking advantage of a lack of serious competition.

Can insurers really believe that a fair price for insurance for a unit is over \$3000 per year? I would like to see some government insurance for these situations.

Sincerely,

Michael Price

[Recipient Name]  
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