

Submission into the Parliamentary Inquiry – Strata Titled Insurance

Attention Inquiry Members and Concerned Strata Titled Unit Owners and Stakeholders

My Name is Eric Host, I was forced to leave Cairns several years ago as my job was relocated due to the downturn in the local tourism support and associated industries. This was before the onset of the Global Financial Crisis. I was lucky to keep my job but had to be prepared to farewell my beloved Far North Queensland and relocate to a busy, congested and overpopulated city.

I did however keep my unit in Cairns [REDACTED] in the view that one day the local economy would pick up, infrastructure and development would be stimulated and I may be able to return to my beloved corner of the world.

The cost of keeping my strata titled unit has in recent times been a financial challenge. Whilst I have full faith and trust in the management skills and leadership of our body corporate, my financial margins get tighter and tighter and I am close to the critical point where it is far too costly to maintain my unit at break-even point.

With Australia's two speed, patch work economy as a strata title unit owner in tropical Queensland my rental income is falling in actual and real terms, vacancy rates have increased and the new unfathomable insurance premium increases have stifled new strata title property developments. A few years ago in 2008 my pro rata insurance contribution was just over \$110 pa and now in 2012 it has increased nearly 700% to a massive \$697 pa.

This simply is not sustainable and to my mind I can't understand the rationale of such a suffocating hike in premiums. Our body corporate made no claims during the aftermath of cyclone Yasi and over the past 10 years made only one minor claim following a small fire caused by a malfunctioning electrical heating appliance – an incident that is definitely not limited to tropical Queensland, and in terms of risk probabilities, more likely to occur in Southern colder states. I'm obviously missing something in the insurance equation; one claim over 10 years is supposed to equate to reduced premiums – isn't it? Likelihood times consequence equals risk so why are our premiums being increased to a staggering 700%? Is this more an equation of the number of Insurance Companies in the marketplace than on risk probabilities? If these companies are colluding more than what they are competing is it not the role of the Government and indeed this Parliamentary Inquiry to firstly ensure the insurance marketplace remains healthy, transparent and competitive in nature and secondly that the strata title unit holders are offered some measure of protection against such unscrupulous and suffocating premium hikes?

For my part it is the last nail in Tropical Queensland Strata Title Unit Owner's coffin. Like a train accident occurring in slow motion I can see the horrible events unfold and almost predict what happens next; my savings have gone, I have just poured my last into refurbishing my beloved unit but now have no financial reserve left. My tenant is neat and clean living but can't afford to pay higher rents to offset the insurance increase. She is struggling to keep her job and in a two speed economy her wages have fallen well below any CPI or local rate of inflation. If she loses her job she faces diminished job prospects as Cairns unemployment is over 13%. She also won't be able to pay her rent and already is struggling with a rising cost of living.

Like me, she may be forced to leave Cairns which cascades onto other economic, social and mental health areas.

She will no longer shop at her local shop, she will no longer service her car with the local mechanic. Her kids will be pulled out of the local school and like me she may face the daunting emotional challenges of relocating. I kept my job but lost my marriage and the subsequent stress caused a level of anxiety that I honestly can't express in words and certainly wouldn't wish on anyone. I grieve not only the loss of my marriage but the loss of my Tropical Queensland lifestyle and the sense of community that is so prevalent in regional Australia.

I'm now just another number in an overcrowded, insensitive, ugly Australian city struggling with the Federal Government concept of nation building and community bonding.

The Federal Government wants people to migrate to regional Australia. This builds community, confidence and infrastructure yet this blatant massive strata title unit insurance increase is a nail in my coffin and contrary to any community building agenda.

Parliamentary Inquiry Committee members please listen to what we are saying and do something.

You are most welcome to contact me should further comment be required.

Yours faithfully,

Eric Host

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