

SUBMISSION RE RESIDENTIAL STRATA TITLE INSURANCE in NORTH QUEENSLAND

Submitted by Mr. Robert Frank White & Mrs. Julienne Elinor White, [REDACTED]

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Dear Sirs,

We would like to tell the inquiry into Residential Strata Title Insurance how the inflated costs have affected us over the past five years. As trustees, (in our seventies) for our self managed Super Fund, we own five holiday units in [REDACTED]. Over the past five years the insurance costs to our Body Corporate have risen dramatically:-

2007 \$6,516.50

2008 \$8170.13

2009 \$6718.53

2010 \$14,367.51

2011 \$26,925.92

These rising costs of course have meant that the Body Corporate levies have had to raised substantially. The reason the insurance companies cite is because of possible cyclone &/or tidal surge damage. In the past twenty years that we have lived here, there has been no significant cyclone damage closer than Cairns, 67 kms. away and no claims made.

However the fact that there has been huge damage from Cylcones Larry & Yasi, hundreds of kilometres from Port Douglas, and more recently disastrous floods in South East Queensland, has not only influenced the insurance costs, but also the tourist trade. The tourist accommodation industry has almost become unviable with the high cost of Body Corporate Insurance as well as penalty rates, high council rates etc. Consequently the income from our holiday units has steadily declined over the past five years - most months our outgoings exceed our income! This income was intended to be a major contribution to our Super Fund, but it is not working out that way.

We suggest a government disaster fund, such as they have in New Zealand, where the insurance companies contribute a percentage of every policy paid, may remedy the situation in which many holiday accommodation businesses find themselves.

We would like to sell our units, but as the income history is so poor and the real estate market so depressed it is unlikely that we will find a buyer- many properties have been advertised for sale for more than 12 months. The units will be lucky to fetch more than \$50,000 each, whereas they sold for over \$100,000.00 each in 2000 when new.

A reduction in the Body Corporate Strata Insurance Fees would be most welcome.

Sincerely,

Julie & Robert White – [REDACTED].