

DATE 14 January 2012
TO House Standing Committee on Social Policy and Legal Affairs
FROM Kathy Seymour
Secretary

[REDACTED]

SUBJECT Inquiry into Residential Strata Titled Insurance

My neighbour and myself are the Owner/Occupiers of the duplex at [REDACTED]. The two adjoining units are Strata Titled, side by side and ground level only. We are a self managed Body Corporate, to which I act as Secretary.

I have lived here for nearly sixteen years. Up until January 2011, the building was covered by a [REDACTED]. It was a Policy already in place when I purchased the property 1996.

During 2010, we were notified by [REDACTED] that they would no longer be offering Strata Titled Properties Insurance coverage, and that on the renewal date in January 2011 the Policy would be cancelled. The Client Register previously managed by [REDACTED] had been purchased by an Insurance Brokerage. We decided to look into it ourselves.

It was difficult obtaining another Building Insurance Policy and many Banks and Insurance Companies don't (and won't) deal with Strata Titled Building Insurance.

Finally, I managed to secure a Building Insurance Policy with [REDACTED].

The cost of the Policy was all but DOUBLE of our previous Policy, AND they would not cover us for flood, PLUS we had excesses, we hadn't with the previous policy. It really felt like "Pick on Strata Titled Property people".

This month, January 2012, the Renewal Notice arrived for our [REDACTED] Building Insurance Policy. It has gone up approximately 60% on our initial premium last year.

I rang [REDACTED] to seek some answers. We had not made any claims in the initial twelve months.

I was advised that the rise in cost was due to the flooding in southern Queensland and cyclone Yasi. I queried again about obtaining “flood cover” and was again advised that [REDACTED] did not cover Strata Titled Properties for flooding.

So, at this point in time, we pay TRIPLE the amount we did only two years ago, for a Policy that WILL NOT cover us for flooding. We live in moderate risk zone of coastal flooding from a cyclone storm tide. I have been here through a few cyclones now, and we haven't been affected at all.

I can totally understand people abandoning their building insurance, and have thought about it myself. I personally know people who are being driven to sell – this IS the reality of it.

We pay high rates here in Cairns (especially Strata Titled Properties, and that's another important issue to be addressed) and together with the cost of Insurance Premiums is making Cairns a city just too expensive to live in.

There are hundreds, even thousands of people who won't respond to this opportunity for many reasons : -

1. Already feel defeated and are planning to sell
2. The thought and motivation to make a Submission when you've never done it before is just too daunting
3. Investors both interstate/overseas may not be aware of the Inquiry -
and there would be many more.

Investors will be looking elsewhere. Those of us who own Strata Titled Properties are receiving a raw deal, and are in a very difficult position – not only are values down, running costs skyrocketing !!

Are Building Insurance Premiums going to be double again next year ? When is it going to stop ?