

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: Insurance Premiums
Date: Wednesday, 11 January 2012 11:03:00 PM

I am the Committee Chairman of a strata complex in Cairns, Queensland, called [REDACTED]. The complex is made up of three Towers in total. I am also on the committee that represents the Principal, which covers the common areas of all three towers.

Last year our insurance premium for the three towers and common areas was some \$130,000 a year. This year our broker could only arrange for us one quote for insurance (no one else would quote), with the premium increasing to just under \$400,000 for similar cover (but with some increases in excess charges). This represents an increase of some 200% which we had no choice but to accept as we are legally required to have the complex insured.

For the owners who I represent in [REDACTED], this will mean an increase in their insurance levy by some \$2,000 a year, which is on top of other increases in the maintenance and contract services that we are also committed to pay. Since I purchased my unit in [REDACTED], I have seen the levy increase from some \$5,500 to over \$11,500 for 2011/12. Like many owners I am finding that living in a strata complex almost unaffordable and undesirable as the levies increase, which also makes them unsalable even with the capital value decreasing by some 35% in the last few year.

Unless the Insurance Industry can become more competitive and therefore reduce the premiums charged, the point will be reached where either no insurance companies will offer cover the legal cover, or the cost of that cover will become so affordable that committees would not be able to recommend to owners that the premium be accepted which will open up a legal minefield for the federal and state governments.

Regards

Colin Gray
[REDACTED]