

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: Confidential submission for inquiry into strata insurance CAIRNS
Date: Saturday, 14 January 2012 11:36:17 AM

Hi,

I would like to voice my opinion on the price rise of insurance on our townhouse.

I understand my personal details will be kept confidential, I do not wish to be contacted by media or any other outside parties.

I am the owner of a townhouse in Freshwater Qld, in a small complex of 9 units, and also the treasurer of the committee.

Our body corporate has recently been paying \$5807 per year in strata insurance, however the cost of renewing our policy for the current year rose to \$18600. It is an incredible figure and unaffordable for me, as I am sure it will be for other owners.

Two years ago when I discovered I was pregnant, my ex-partner and I purchased a house as we felt the townhouse was not suitable for raising a family. We tried to sell, but unfortunately it was near the GFC and nobody wanted to buy so I was forced to rent it out to generate income. As at 2010-2011, I paid \$15960 per year mortgage, \$2200 a year council rates (excluding water), **\$2158 per year body corporate admin fund** plus \$620 sinking fund. Total expenses were \$20,938.

My potential revenue from rent was \$12,480 for the same year (excluding property management fees, and based on rental for the entire 52 weeks, which it is not actual as the unit was empty for several weeks).

Now that the insurance premium has increased, I am due to pay **\$4828 to body corporate admin fund**, plus sinking fund fees \$620 which have remained unchanged, plus **an additional insurance levy of \$1400 for the shortfall of renewing last year's policy.** Plus council rates \$2200 (assuming they do not rise which is optimistic), and mortgage of \$15960, total expenses this year will be \$25,008.

My potential rent remains unchanged at \$12,480. So I will be losing *at least* \$12,528 this financial year (excluding property management fees, council rate rises, and the possibility of a vacant unit). A more realistic figure would be \$15,000.

To make the situation worse, the current property market conditions put

the value of my unit at approximately \$190,000 which is much less than what I bought it for and will just cover what I owe on the mortgage. I am hoping to sell asap, however in reality the value is probably less because body corporate is too high, due to the incredible insurance premiums.

This is not good news to a single mother. I do not know where this money will come from, I am lucky to have family to support me and my son so I know we will ultimately not be living on the streets. I have approximately \$4000 left in my savings account, to be used as a buffer for this liability that is my townhouse. However that will soon be gone, and I will be forced to default on my mortgage and possibly declare bankruptcy.

I know that there will be other people will be forced into this desperate situation also. I will be happy to discuss my situation with you further in confidence, if it means the government might intervene and do something to help. Please do not hesitate to call me on [REDACTED].

Kind regards,

[REDACTED]