

**SUBMISSION TO THE HOUSE COMMITTEE ON SOCIAL POLICY AND
LEGAL AFFAIRS IN RESPECT TO THE INQUIRY INTO RESIDENTIAL
STRATA TITLE INSURANCE.**

SUBMITTER: [REDACTED] **BODY CORPORATE** [REDACTED]
[REDACTED]

BACKGROUND:

[REDACTED] comprises 14 Townhouses and 2 x 3 storey blocks of 3 bedroom apartments constructed in 1995.

History:

[REDACTED] has never had an insurance claim since it was built.

Insurance Premiums:

The insurance premiums for the last 4 years are:

- 2008 Compulsory insurance premium with [REDACTED] was \$9,245
- 2009 Compulsory insurance premium with [REDACTED] was \$11,861
- 2010 Compulsory insurance premium with [REDACTED] was \$20,342
- 2011 Compulsory insurance premium with [REDACTED] was \$41,000

Insurance Companies:

Only two insurance companies would provide an annual insurance quote in 2011.
[REDACTED] accepted the cheaper of the two quotes.

Government/Parliament Review Warranted:

Absolutely. This current insurance market need to be made accountable. Investors need a regulating body that works for them and not Insurance companies.

Lot owner concerns:

- On site unit owners cannot afford to build these insurance increases into their budget
- With higher insurance premiums taking a large chunk out of budgets, buildings are not getting maintained as they did before the premium hike
- Unit owners who rent out their property in Cairns find it hard enough to get good tenants therefore cannot increase rent prices due to the high number of empty apartments/units in Cairns
- Our investment properties were purchased to look after our finances for the future. Currently we are struggling to make ends meet.
- Lot owners cannot sell their property with these huge body corporate fees attached to the properties

Recommendations:

- Government must act to ensure insurance premiums are brought back into affordability
- Individual unit complex's history must be taken into account
- Competition and Consumer Commission to undertake a review of these exorbitant price increases
- Government to underwrite insurance premiums

Submitted on behalf of the committee for [REDACTED]

Debra Pearson
Chair

14 January 2012

[REDACTED]

[REDACTED]