

*"Real Service - Rapid Results"*115 Boundary Street | PO Box 5607, Townsville Qld 4810 | Phone 07 4771 3600 | Fax 07 4771 3644 | Email [admin@rapidrealty.com.au](mailto:admin@rapidrealty.com.au)

16 January 2012

The Secretary of the Committee  
 Social Policy and Legal Affairs  
 PH: (02) 6277 2358 or FAX: (02) 6277 4427  
 or e-mail: [spla.reps@aph.gov.au](mailto:spla.reps@aph.gov.au)

Dear Secretary,

I hereby provide this submission to the Standing Committee on Social Policy and Legal Affairs on the affordability of strata insurance in Townsville North Queensland in accordance with your terms of reference.

Below is summary of the increases in insurance premiums for a sample of 4 strata communities from 2008 to 2012.

	Complex 1	Complex 2	Complex 3	Complex 4
2008	1424.27	1202.42	685.04	6309.93
2009	1451.73	1215.49	722.64	8509.93
2010	1902.09 9 (a)	1468.87	1366.18	10228.31
2011	\$2211.19	1945.30	2083.70	9311.86
2012	N/A	2918.80	N/A	N/A

Legend:

(a) Included increase in building coverage from \$510k to \$650k

Changes to the Body Corporate and Community Regulations 2008 in Queensland brought into effect the mandatory valuation of the replacement value of buildings every 5 years. Depending on the take up by individual body corporates of this requirement and the likely insufficient budgeting of replacement asset values, insurance premiums have also increased for this reason where value adjustment have been accepted by the Body Corporate. This cycle is due again in 2013 and could see further increases in the insurance premiums and individual levy commitments.

Another factor that could be impacting increasing costs to premiums is the increase in the volume of claims in recent years due to severe weather events. By and large most of these claims are worthy but some could be considered frivolous and unnecessary from lot owners who may be opportunistic in their motives to have the whole of internal fixtures such as kitchen cabinets, floor coverings, internal wall structures replaced due to storm water damage when in fact a repair or clean could be appropriate.



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I have witnessed a 3 fold increase in the number of lot owners not being able to afford their levy payments in the past 4 years. The majority of these enquiries are pensioners and self-funded retirees. The body corporate is obligated to action arrears aged 18 months through mediation or the Queensland Civil and Administration Tribunal. It is anticipated that an increase in applications will occur to the courts placing further stress and cost on the legal system.

Should you need any clarification on these points, please do not hesitate to contact me.

Sincerely

Aaron McLeod  
Principal  
Rapid Realty Townsville