

**Submission to Parliamentary Inquiry**

To: Inquiry into Strata Titled Insurance

From: Ramon and Linda Tuck

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Property: [REDACTED]  
[REDACTED]  
[REDACTED]

Number of Units: 5 units in total

There are 4 x 2 bed room units and 1 x 1 bedroom unit. All have the same lot entitlements.

Constuction Date: Completed in 1995 to current cyclone requirements

Besser block with tin roof

Levies 2009/10: Administration Fund \$8,709 or \$1741.80 per lot entitlement

Sinking Fund \$2,001 or \$400.20 per lot entitlement

Total: \$10,710 or \$2,142.00 per lot entitlement

Insurance: Premium to November 2010 - \$2,288.96

Building Valuation - [REDACTED]

Levies 2010/11: Administration Fund \$9,553.00 or \$1910.00 per lot entitlement

Sinking Fund \$2,001 or \$400.20 per lot entitlement

Total: \$11,554 or \$2,310.80 per lot entitlement

Insurance: Premium to November 2012 - \$5,604.54

Building Valuation - [REDACTED]

Increase in Levies: Levies 2009/10 - Total: \$10,710 or \$2,142.00 per lot entitlement

Levies 2010/11 – Total: \$ Total: \$11,554 or \$2,310.80 per lot entitlement

Increase in 2 years - \$168.80 per lot entitlement.

It should be noted that the levies for the 2011/12 financial year have not been confirmed. The last budget for insurance was \$3,700 and given the renewal is \$5,604.54 this represents a further increase per lot entitlement of \$380.90.

When this budget is confirmed, the total increase in just three years is \$549.70 per lot.

#### Insurance Increases:

To highlight the effect the increases in insurance have had on this complex, I will break down what the insurance component in 2009/10

Total Premium            \$2,288.96

Cost to Each Unit        \$457.79 per annum

The same equation using the premium received for 2011/12

Total Premium            \$5,604.54

Cost to Each Unit        \$1120.90 per annum

#### History of Claims:

This property has made very few claims since construction was completed. Any claims have been of a minimal nature such as broken glass. There have been no cyclone claims to my knowledge.

#### Resale Values:

At the peak of the market, prior to the GFC units of a similar size, design and finish in the Manunda and Whitfield area were selling for \$240,000.

The sales market has essentially collapsed and the selling values range from \$125,000 up to \$170,000.

#### Rental Returns:

The complex is in a good location being approximately 4km to the city. The units were built nicely and are large in size compared to most other units built in that era.

Up to 2007 the rents achievable for the one bedroom were \$190 per week, where as the two bedroom units rented for up to \$250 per week.

Currently the one bedroom unit is rented for \$170 and the two bedroom units are renting for between \$200 and \$210 per week.

#### Insurance Renewals:

The insurance premium for the 2009/10 year was \$2288.96

The insurance premium for the 2010/11 year was \$3396.42

The insurance premium for the 2011/12 year was \$5604.55

The cheapest quote was with [REDACTED] with a excesses ranging from \$100 to \$300, far less than the \$25,000 that some other complexes face.

The other quotes received were \$8,329.05 from [REDACTED].

██████████ \$6232.36 with a 10% Commission to ██████ and 5% commission to ██████.

██████████, ██████████, ██████████, ██████████ and ██████████ all declined to quote.

Financial Impact:

These units are investment units. The levies will increase by a projected \$549.70 per lot over a three year period. This will bring the levies per unit up to projected amount of \$2700 per annum.

The rents have actually decreased on average by \$1000 per annum. The combination of the two has put severe financial pressure on many of the owners.

Summary:

This complex in some ways is fortunate that the insurable value is under the \$5 million cut off mark for ██████. One concern we do have is that when ██████ takes up a large market share of the strata titled market, will they too hike up rates as has ██████?

Although we do have money in the sinking fund, I believe we should be setting more aside for future works. The building is almost 20 years old and we need to start having money ready for new gutters and new roofing. The building also needs to be repainted and the cost of this has increase substantially due to the change in Workplace Health and Safety laws. We currently have enough to repaint the building, but there will be very little left in reserve.