

**From:** [REDACTED]  
**To:** Committee, SPLA (REPS);  
**Subject:** Submission to Committee on Inquiry into Residential Strata Title Insurance  
**Date:** Monday, 16 January 2012 10:48:47 AM

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I am writing to express my concern at the huge increases to strata title insurance in Far North Queensland.

One of the terms of reference in your inquiry is (a) "the ability of insurers to price risk" and under this category I make the following points. While I accede that there is more risk in this area, this has always been the case and no doubt the previous years insurance premiums reflect this. However, to have our insurance premiums for our units, [REDACTED], double in one year seems unjustifiable as I fail to see how replacement costs for the building have doubled in this time. The cost of replacement is surely one of the important elements considered when fixing premiums.

Our premiums have risen from \$4360.38 per annum from 30/8/10 to 30/8/11 to \$4218 per 6 months for period from 30/8/11 to 29/2/12. This is in effect a doubling of the premiums.

When one considers this financial impact of this on strata fees, investment in Far North Queensland becomes untenable. We own a low-end unit providing accommodation for the rental market and strata fees combined with council fees now total nearly \$5500.00 per year or nearly \$ 500 a month. Bearing in mind that the monthly rental return is approx 700 per month and interest payments, water and maintenance costs still need to be paid you can see that this amounts to a huge loss. We have already sold another unit we had in Cairns at a very discounted price because of the huge fees and many friends and acquaintances we talk to in NSW have now wiped Far North Queensland off their investment map.

The other item I take issue with is (d) "whether consumer awareness of different insurance options should be enhanced."

As far as I know, if you own a unit in a Body Corporate scheme you have no other options. Unlike owning a house where you can decide whether or not to insure your house, you are compelled by law to insure your unit. I have canvassed the option of each owner insuring their own unit and the Body Corporate insuring the common property but was told this option was not available. It is for this reason that I think the insurance industry has targeted these huge increases at the residential unit market as they have no options and they can hold them to ransom. One would have to cynically think that this is more a case of recouping their costs from the previous years disasters than providing cover at a reasonable rate and think there is sufficient evidence for government to intervene to ensure fair outcomes for unit owners.(f)

Doreen and Stuart Murray  
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