

9<sup>th</sup> January 2012

To The Standing Committee on Social Policy & Legal Affairs,

**Inquiry into Residential Strata Title Insurance**

We are owner occupiers in a 15 unit complex at [REDACTED], Far North Queensland.

We live in a 3 bedroom apartment and are now in a position where we cannot afford to live in our own home due to the spiralling costs in levies ( we have to pay double ,due to our ONE apartment having 2 lot entitlements, and is another issue that is a concern to us), which incorporate insurance premiums. These increases have made our living expenses unsustainable & home unsaleable.

Ours concerns are:

The reduce number of Insurance Companies unwilling to insure or reinsure in our area. Surely this lack of competition is unhealthy.

The Body Corporate Act regarding the composition of property to insure may need to be reassessed .Does 100% of a complex need to be insured? Should Body corporate members be able to decide as to whether gardens, fencing, paving etc be included in their cover? Surely the construction, age & materials used in a building could be individually assessed to help determine the cover required & hopefully reduce the premium costs.

Body corporate entitlement's as far as commission could be looked at as well. Not many people seem to realise (even though it is in their contract) that Body Corporate Service Companies are allowed to receive a commission of up to 20% on insurance products they procure for their clients. We find this to be unreasonable percentage as you will see in the figures at the end of this submission. The increase in their income must be considerable if looked at in the last few years due to disasters. When questioning the amounts we were informed, as Body corporate rates per annum per complex are what they consider to be low, the companies require this extra benefit to maintain their business. They & the insurance brokers assure us the commission has no bearing to the cost of the premium, so we are at a loss as to where or who is footing the bill for these commissions.

The government also is reaping the benefits of increased premiums with the GST & stamp duty components. In our case the stamp duty is \$5633.00 & GST \$6734.00. Being a owner occupier in a apartment we are not entitled to any benefits tax wise as does a rental property where the owner receives income as well as tax benefits . Will the government provide any relief in money terms ie: assistance for low income earners in these situations?

Insurance Companies need to scrutinize their "preferred contractor's" as to the pricing & workmanship with disaster repairs. There is a wide belief that builders & contractors ,with Insurance Companies blessings, are charging well above what would be perceived as normal costs for repairs, which again contribute to the costs & of course are passed on to the consumer ,US.

We hope all government levels investigate & reform the whole system, to enable affordability & longevity for owner occupiers as well as single dwelling properties.

INSURANCE PREMIUMS 05-12

YEAR ENDING	BUILDING	EARTHQUAKE EXCESS	E GENERAL EXCESS	WATER DAMAGE	NAMED CYC	TOTAL PREMUIM INCL GST	BODY CORP COMMISSION	LEVIES 2 BED	LEVIES 3 BED	
31/5/06	5570000.00		250	NIL		6965	907	3912	7824	
31/5/07	5680000.00			NIL		7094		3844	7688	
31/5/08	5790000.00		250	NIL		7202	935	4157	8314	
31/5/09	10098000.00		250	100		14036	1769	5191	10382	
31/5/10	10602900.00		250	100	1500	17789	2227	6118	12236	
31/5/11	11133045.00		250	100	1500	27549	3469	6851	13702	
31/5/12	11689689.00		250	1000	5000	100000	79713	9644	8128	16256

APPROXIMATE PAYOUT AFTER LARRY \$2,840,869  
 ESTIMATED PAYOUT FOR YASI \$450,000 (WORK YET TO BE STARTED)

Geoff & Kathy Partridge

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

