

Mr Graham Perrett  
Chairman  
Parliamentary Committee of Inquiry (Strata Title Insurance NQ)  
Parliament House  
CANBERRA 2600

16 January 2012

Dear Mr Perrett,

I make the following comments in my submission to the Parliamentary inquiry into the affordability of strata title insurance in North Queensland (NQ).

Points:

- In late 2010 our building was revalued from \$5.7m to \$12.2m (building valuations should be undertaken at least every five years) and the annual premium levied by our insurer [REDACTED] rose from \$17k to \$27k;
- In January 2012 our insurance premium jumped to \$125k with less than four weeks' notice of the due date of 21 January 2012;
- Another quote was obtained from [REDACTED] for \$90k;
- There are 26 lots in the complex each of which would have to contribute \$3,500 in payment for the quote from [REDACTED];
- We are attempting to obtain a quote from [REDACTED] who appear to be one of only three insurers willing to do business in NQ; and
- Our building received little or no damage as a result of cyclone Yasi and we have not made any claims to our insurance provider over the past nine years since the building was first occupied.

This extreme increase in insurance premium is placing a financial burden on all owners, particularly those in retirement and on pensions. This is exacerbated by the short notice given to owners to pay the increased premiums, which in our case has risen by 400%. Insurance companies appear to have an attitude of "take it or leave it" and offer little detail or explanation as to why such increases are justified.

It appears that strata title complexes have been hit the hardest; why? NQ unit owners appear to be subsidising owners in southern Queensland and southern states where natural disasters occur much more frequently e.g. bush fires, freakish storms etc... Furthermore, the effects on the industry in NQ are far reaching; they will not only have a significant impact on existing owners of strata title lots but also developers looking to construct apartment buildings who will have to consider the running costs of potential buyers who may shy away from unit living.

Tradesmen and suppliers of building materials for these construction projects will be affected and this will impact on jobs and the local economy. Rents will rise placing a strain on a

population that is already reeling from increased living costs (Australia now recognised as the most expensive country in which to live).

One answer, if it could ever be coordinated, is for strata title owners in NQ to form their own insurance company and "self-insure". At the moment we are all addressing the issue independently and insurers will continue to charge these exorbitant rates.

Another is to make available different insurance options for Bodies Corporate to insure these buildings e.g. the amount of coverage, extent of coverage etc...

Without meaning to politicise this matter I would like to ask "where has all the taxpayer's money gone when governments have difficulty in providing or cannot provide timely financial support to those in need following natural disasters in the "lucky country"? In order to pay for these disasters, levies (an additional tax) have to be applied to an already financially overburdened population. Insurance premiums of the amounts currently being levied are yet another burden.

Governments are relying more and more on the goodwill of the Australian people to make gracious and generous donations to assist the victims of natural disasters. It seems that times have changed when governments had a war chest of funds to pay for the cost of these disasters. Now, North Queenslanders have been asked by insurance providers to cough up and pay exorbitant rates for a return that they will most probably never see based on the excess amounts of the policy.

I look forward to attending the public hearing to be held by the House of Representatives Standing Committee on Social Policy and Legal Affairs in Townsville on 01 February 2012 to hear comments from the community and to receive feedback from the Committee.

I would like to thank Mr Warren Entsch and those Committee members for their stoic support in making a representation on behalf of North Queenslanders in this important matter.

Let's hope that people power can make a difference here!

Yours faithfully,

*George Christianson*

**George Christianson**  
Chairperson, Body Corporate Committee

[Redacted]

[Redacted]

**Members of the Body Corporate Committee**

[Redacted]



Disclosure: While I speak for the members of the Body Corporate Committee listed above in general terms regarding this matter, not all may share my broader views outlined in this submission.