

House Standing Committee on Social Policy and Legal Affairs

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**Re: Inquiry into residential strata title insurance**

Hello Committee

I would like to make the following submission in regards to the above issue. I will use the terms of reference given.

- a) The magnitude of the increases in the cost of residential strata insurance over the past 5 year, the reasons for these increases and whether these increases are likely to be sustained.

I believe that the strata insurance in the complex I bought into as increased from approximately \$50,000.00 to \$91,000.00 to \$181,000.00 over the past 5 years. I do not believe that insurer have provided any evidence as to why insurance has increased by this amount.

I believe that insurers are aware that Body Corporates must have insurance; therefore, insurance company appear to be able to charge excessive amounts. I believe that Body Corporates should have insurance; however, this should not allow insurers to ensure that their fees can be excessive amounts.

- b) The ability of insurers to price risk and the availability of accurate data to allow for this.

I do not believe that insurers, particularly insurer in our area, accurately price risk or provide Body Corporate and/or others with evidence of accurate data to allow them to do this. It would appear that insurers have the ability to decide who will and will not be charged these amounts. It also appears that they then try to justify this each time a weather event occurs – whether or not the weather event affects any strata unit complex or not. This situation appears to be particularly prevalent in our area, North Queensland.

- c) The extent to which there is a failure in the insurance market for residential strata properties either generally across Northern Australia or in some regions in particular, for example due to a lack of competition between insurers.

As stated above, I believe that it is because of this issue that insurers are charging unit owners excessive fees to insure their properties.

- d) Whether consumer awareness of different insurance options should be enhanced.

As our Body Corporate manager informs us that not many insurance company will provide insurance cover for strata units and those that do all appear to charge excessive amounts. If this is true, I am unsure as to whether consumer awareness will make any difference.

- e) The extent to which the nature of body corporate arrangements are contributing to affordability difficulties.

I believe that the nature of Body Corporate arrangements is contributing to affordability difficulties. Body Corporate must have insurance and it appears that insurance company limit what insurance is available to them. This must impact Body Corporate insurances premiums.

- f) Whether the conclusions regarding (a)-(e) provide justification for government intervention in the residential strata insurance market, noting the existing responsibilities of Commonwealth, state and local governments.

I believe that the Commonwealth Government is responsibility for insurance regulation and therefore the Commonwealth Government should be aware that the private insurance markets are failing to offer appropriate cover at affordable costs to Body Corporates.

I believe that the Body Corporate legislation in Queensland is biased against certain owners – particularly owners who are associated with the caretaker. I believe that this is an area that should be addressed.

I further believe that builders/developers should not be permitted to be committee members either voting or non-voting while there is builders' warranty still available to the Body Corporate.

Insurance companies could categorize Body Corporate buildings with regards to building type, the year the building was built and its location.

Thank you for your consideration of my submission.

Zane Grant