

SUBMISSION 361

SUBMISSION TO THE PARLIMENTARY INQUIRY IN RELATION TO RESIDENTIAL STRATA INSURANCE

To:	The House of Representatives Standing Committee on Social Policy and Legal Affairs
From:	The Committee of The Body Corporate for Josephine Palms [REDACTED]
Location of Property:	[REDACTED]
Number of Units:	12
Comments:	<p>The impacts and issues from our point of view, as the Committee of this Body Corporate, are listed below:</p> <ol style="list-style-type: none">1. In 2011, the building insurance for the Body Corporate for Josephine Palms increased by 300%, and we are advised that further increases are likely. These increases are unsustainable;2. As owners, we are concerned about lowered property value due to the increased costs of insurance;3. Certain owners within the scheme considered selling their units last year due to the additional cost of insurance, equating to an additional \$25.00 per week per person in an already depressed property and rental market;4. These owners will review the same in 2012 and will consider putting their unit on the market (at a large loss) due to increasing costs, static rent and no capital gains in sight. With the extra cost of insurance owners are currently losing \$10,000.00 per year;5. The increases across Body Corporates in Cairns have not been consistent and each scheme should be independently assessed and their claims history, location and structure considered before a premium is applied;6. The increases to the insurance premium for Josephine Palms are not justifiable when our (minimal) claims history is taken into consideration;7. A "Premium Rates Update" distributed last week by [REDACTED] suggests that "<i>Many Bodies Corporate have been paying on average 1/3rd of the premiums paid for an equivalent stand alone home insurance policy.</i>" The Owner of [REDACTED] within the scheme states that their 50 sq home in Melbourne is fully insured and the annual premium for building and contents insurance is just under \$1,000.00 whereas their share of Josephine Palms' \$24,000.00 insurance premium is about \$2,000.00. They noted that although they are aware that there are differences between VIC and QLD premium structures and loadings, the above statement seems way out of order.8. The Body Corporate for Josephine Palms has budgeted for a 25% increase for the coming financial year upon advice from our management company and insurance broker, on top of the current years 300% increase. <p>On behalf of owners within our scheme, we request justification for the increases applied and further increases proposed.</p> <p>Thank you for your consideration of our submission.</p> <p>The Committee for Josephine Palms [REDACTED]</p> <p>Chairperson: Daniel Cunningham Secretary: Jodie Gregory Treasurer: Roxanne Pellatt Ordinary Members: John Candy</p>