



Submission re Strata Title Insurance Price Rise post Cyclone Yasi

13/1/12

Dear Sir/Madam

I wish to include the following amongst submissions received regarding the huge rises in Strata Title Insurance Costs post Cyclone Yasi.

I am the owner of a unit in [REDACTED] This unit was formerly my home but now exists as an investment property as it is difficult to sell due to an extremely depressed unit market in Cairns.

Owning this unit places quite a financial burden on myself. In addition to interest charges from the bank (which are not fully covered by the rent I receive), there is the further burden of ever increasing council rate charges and body corp charges that increase every year. Last year for example, these expenses amounted to over \$16000 whilst the rent I received only amounted to just over \$9000 (an approximate loss of \$7000). All the while, the depressed state of the unit market in Cairns means that my unit has lost almost 25% of its value since I purchased it. This means in the midst of these heavy ongoing losses in renting out the unit, my outstanding mortgage on this unit is greater than what any buyer in the market would pay to purchase the unit from me – so it is not possible to sell.

As said, owning this unit as an investment is an ongoing burden which I will not be able to extricate myself from in the foreseeable future. As such any increase in costs associated with renting out/owning the unit is extremely painful. On this note, I have received notice from my body corporate manager [REDACTED] that the Strata Title Insurance on the block where my unit is situated is set to rise more than threefold from \$5400.27 (at our last renewal in March last year) to a massive \$17761.51 at our next renewal this coming March. This ridiculous price rise from our insurer [REDACTED] – supposedly due to cyclone Yasi is despite the fact, that to my knowledge, the unit block did not receive cyclone damage.

In regards to this huge increase in our Strata Title Insurance, I have contacted our body corporate manager [REDACTED] and they have told me that this price (over three times the price of the previous renewal) is the cheapest they can get.

Since I purchased the unit in 2007, our body corp charges have increased from \$1627.78 to \$2612.20 in 2011 (i.e. gone up 1.6 times). I shudder to think what effect the new insurance charges will have on our already high body corporate fees. In my unit block, there are 20 units so if we have to pay the new body corp insurance charges of \$17761.51, for the increase of \$12361.24 to be shared, this would represent a further increase of \$618 per year per owner.

The huge increases in insurance premiums from our insurer is price gouging to the extreme. In the depressed economy and property market from Cairns it is very hard to take and my case is not even the worst out there in Cairns. It makes it less affordable for those living in units to pay their bills and more difficult for those owning units to sell them.

I therefore submit that some sort of government intervention is desperately required to assist unit owners in the face of these grossly unfair, price gouging practices of our body corporate insurers.

Sincerely

Andrew Alevras



