

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: Body Corp insurance
Date: Friday, 13 January 2012 5:21:34 PM

Dear Sir/Madam,

further to my letter of yesterday, after reading a letter put out by the Insurance Council of Australia (link below), I take issue with some points.

They state Strata insurance has been underpriced until recently, costing around 1/3 of that of a stand alone house.

They must have had very good reasons for calculating premiums at this level in the first place & for those "underpriced" premiums to stay in place for so long. It sounds very much like the Banks inventing new fees when the old ones are outlawed or are found to be excessive - anything to keep the profits up or boost them.

What is the claim percentage from apartment buildings when a disaster strikes ? How many blocks have rooves torn off, walls destroyed (& remember many of these walls are internal/common walls), & suffer the same level of damage that affect stand alone homes ? These are some of the very reasons why there is no direct link to the cost of insuring individual buildings & the cost of strata title buildings. e.g. if a roof gets ripped off a complex of, say, a 3 storey, 4 unit per level, block of 12 apartments, how does the cost relate to 12 houses having their rooves replaced ?

Perhaps a different excess could apply to natural disasters than applies to general claims ? Maybe even be tied to the Sinking Fund somehow ? I believe the Qld govt spent a lot of money overseas trying to insure damage to roads & infrastructure after last year's floods & cyclone Yasi - maybe they should look at spending a bit more investigating how to reinsure in cases such as this ?

<http://www.insurancecouncil.com.au/Portals/24/documents/Insurance%20Council%20-%20Strata%20Insurance%20QnA%20Fact%20Sheet%20071011.pdf>

Yours faithfully,

Chris & Lorraine Harris

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