SUBMISSION NO. 64

JANUARY 13TH 2012.

To: PARLIAMENT OF AUSTRALIA, HOUSE OF REPRESENTATIVES

INQUIRY INTO RESIDENTIAL STRATA TITLE INSURANCE.

This is a submission tendered by a private individual which asks the committee to consider the following;

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

The current regulations covering body corporate arrangements are inappropriate for very small and low – risk residential complexes.

At the recent insurance forum in Townsville it was stated that part of the reason for the huge premium increases was that in the rapidly proliferating multi – storied tower blocks a plumbing defect on say the fourteenth floor could result in many costly claims. A fire in one of these towers would be equally, if not more demanding on insurers.

This may be a salient point in multi residential blocks but hardly applies to a small three or four unit ground floor complex.

Current legislation mandates that owner – occupiers be insured and that the insurers the meselves be paid to evaluate the property under consideration. This gives the insurers the power to fix a premium at any figure they deem suitable. In normal situations competition within the insurance industry would go some way to contain the blow – out of insurance costs. Right now though, most insurers have withdrawn their product from strata title properties in North Queensland so there is little or no control on price rises. If the bodies corporate are legally required to purchase insurance at the price the insurers nominate what protection is there against rapacious insurance companies and why has the government not legally required that the insurers do not manipulate the insurance market by the simple tactic of withdrawing their product as they have done?

Many very small strata titled units are owned and occupied by the most economically vunerable sector of society i.e. aged pensioners and the disabled. For the sole pensioner the magnitude of the current insurance price rises is a body blow.

As a sole pensioner I know of others like me who are now in the position of having to ask themselves "what can I live without next? "in order to comply with our body corporate regulations. In my case my insurance premium has risen by 155% in one year. Ironically, it is other insurance that has been jettisoned, contents insurance and next to go will be health insurance. I have found that I can live without my hot water system and despite the prevailing torrid weather I can minimize air conditioner usage by trawling around shopping centres or libraries.

I recently read a newspaper article stating that insurance premiums had increased by 12% Australia wide. Why then is North Queensland singled out for these exorbitant price rises of up to 400% when other states (Western Australia) have much more cyclonic activity and claims than we have?

Could it be that the WA government is more responsive to citizen's needs than ours ?

There is a also a grey area around the issue of default on the body corporate insurance regulations. If I can no longer afford to pay my share of the insurance will I lose my home? If so will I become one of those unfortunates on the end of the queue for government housing? Surely the government must see the long reaching effects of this economic squeeze on the old and disabled, in particular on the sole pensioner.

Extortion is demanding money with menaces. The insurers are demanding my money. I am menaced by the threat of punishment implied by my failure to meet a government mandate. Worst of all, I feel that it is my government that has delivered me into the hands of the overseas owned insurance Mafia.

CONFIDENTIAL PLEASE.

Please confirm receipt of this submission.