

05 January 2012

Dear Mr. Christensen,

The huge hike in residential strata title insurance post Cyclone Yasi is ridiculous and should be illegal. I am a residential property investor and have bought 6 units in the Townsville and Mackay areas over the past 18 months. These were calculated purchases and the rise in insurance premiums have seen some of my properties go from neutrally geared to negatively geared. I am worried that if nothing is done about the insurance hikes that I will have to sell some properties in an already deflated local market.

Something needs to be done. When power companies decide to increase the cost of electricity or when fuel prices increase a few cents the nation is up in arms and the government intervenes. Most other companies have regulatory authorities (e.g. ASIC) that governs their particular industries; I do not see why this hasn't applied to these insurance companies. The insurance companies have used the recent national disasters as a scapegoat to increase their premiums.

Attached is a strata title insurance quote from the [REDACTED] for one of my properties here in Townsville. In this particular complex I have seen the building insurance with [REDACTED] rise from \$9,875.33 last year to \$43,657.92 this year! The body corporate services that manage the complex were able to get [REDACTED] to insure our building for \$17,024.90, this is still up over 70% on last year and isn't as comprehensive as [REDACTED] policy. The fact of the matter is a special levy was still needed to be raised in order to pay our insurance premium and continue to have the building insured.

I cannot see why there has been no government intervention so far. I am a hard working Australian that is trying very hard to better myself and get ahead. I have decided to use property investing as my vessel to financial freedom. I now have to struggle to keep these properties and I am one of the lucky owners affected. My main concerns are with the poor old Aussie battlers or soccer mums that are being forced out of their homes due to rising insurance premiums. If these insurance hikes were nationwide or affected the southeast region of Queensland I am sure that Anna Bligh or Julia Gillard would intervene. I cannot help but feel that because we are only a very small portion of Australia, up here in North Queensland, we are being neglected by our government.

What's more of an issue...a 10% rise in fuel per litre or a 500% rise in insurance premium?

Regards,

Doug Turnbull