

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: Strata property insurance increases
Date: Saturday, 14 January 2012 1:21:57 PM

Dear Sir/Madam

I am writing to advise of strata title property insurance increases that I have experienced in recent years.

The holiday let property noted below is held in a Family trust while the commercial unit is held in a SMSF.

Neither property nor holding entity has ever had a claim against the relevant insurer in the approx 5 years that we have owned them.

**Example 1 Holiday let unit at [REDACTED].
3 Bedroom, 4th floor.**

Insurance premium period 01/01/11 to 01/03/11 (3 months)	\$328.75	
Insurance premium period 01/01/12 to 01/03/12 (3 months)	\$686.67	
Increase	\$357.92	108.87%
increase		

**Example 2 Commercial rental [REDACTED]
[REDACTED]. 530m2 warehouse.**

Insurance premium period 01/01/11 to 01/03/11 (3 months)	\$453.25	
Insurance premium period 01/01/12 to 01/03/12 (3 months)	\$529.20	
Increase	\$ 75.95	16.75%
increase		

From media reports it appears that there is a move to pressure Body Corp managers to cut their fees to help offset these insurance increases.

I do not really agree that this is the answer to the problem, the Managers that I work with are negotiable on fees and have actually reduced fees in recent years through negotiation with the body corp committee. Also why should they work for less profit to allow insurers a much higher return?

Questions that should be considered include:

If insurers are walking away from markets that experience natural disasters who has the power to force them to come back?

Insurance business is all about averaging premiums and payouts over a range of risks and markets, now they charge safer markets more and less safer markets much more? Perhaps an enquiry into actual profits of insurers would identify the real need for premium increases or not?

Why do unit blocks that have never had a claim in 10 years have increases of this magnitude – does claims history not apply?

Why does the residential/rental unit market premium increase so much when a commercial 2 kilometers away face a reasonable increase?

What is the future of the tourism industry if owners continue to pass on cost increases and holiday units become too expensive to rent?

The government is the only body with any power to regulate this industry – what are they doing about it?

I hope that my comments can add something to this process.

Regards

Mick Fisher

