

SUBMISSION NO. 121

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: [REDACTED] BODY CORPORATE FIRE & GENERAL INSURANCE PREMIUM INCREASES.
Date: Saturday, 14 January 2012 10:23:01 AM

The buildings comprising [REDACTED] Body Corporate are insured for a sum insured of \$2 million. It is comprised of 12 units in 2 buildings of 8 & 4 units each. The buildings are 2 storeys high. They were constructed in 1990 in accordance with the 1983 cyclone building code. The buildings are concrete block with an iron roof.

In accordance with government regulations the body corporate has been insured for the last 22 years. Over that period only 1 claim has been registered for storm & tempest damage and that was last year when Cyclone Yassi blew over a palm tree and damaged the front fence to the extent of \$500.

The body corporate insurance premiums, however, have skyrocketed in the last couple of years. We were insured with [REDACTED] for the period 2009-10 for an annual premium of \$2,500. They withdrew from writing this class of insurance for the renewal 2010 -11 so we insured with [REDACTED] (who were actively pursuing strata insurance) for a premium of \$3,500. [REDACTED] sent a renewal notice for the 2011-12 year for a premium of \$15,500 for the same sum insured. Our insurance broker was able to place the cover through [REDACTED] for an annual premium of \$5,500. The mind boggles at what our premium will increase to this 2012 year.

All our buildings are of massive construction and therefore not subject to the same cyclone damage as an older timber house would sustain. Cyclone Yassi did considerable damage to these older homes which were constructed before the 1983 cyclone building code. Surely this building code was enacted to minimize any cyclone damage to new buildings. It appears that the premiums on dwellings have not increased anything like strata insurance premiums. This action smacks of an insurance industry collusion as the strata community is a captive market required by law to insure whereas the private individual is not.

Please look into this matter on our behalf.

Thank you,

Don Cunningham
Chair

[REDACTED] Body Corporate Committee
[REDACTED]