From: ██████████████

To: Committee, SPLA (REPS);

cc: ████████████████████████████████████
██████

Subject: Submission to investigate strata insurance premiums

Date: Sunday, 15 January 2012 10:07:11 PM

Dear Madam/Sir,

Thank you for the opportunity to submit this formal complaint to the Australian Federal Government about the recent rise in strata building insurance costs via this email address as noted in the Cairns Post (Jan 2012) article called "Time to act on premiums".

The Body Corporate for ███████████ (a small complex of 8 one bedroom units in ███████████████████████) was in the position of having to double our unit levies in 2011 to cover our higher insurance premiums and to prepare for the possibility of even higher costs in 2012.

- **In February 2011 our building insurance premium with ████████ rose from just over $4,000 to over $18,000.** This seemed like an absurd rise in premiums and was absolutely unaffordable to our unit owners.
- ████████████████████████, who administer our funds, then engaged a Brisbane-based broker who provided explicit advice that there were only 2 companies in Nth Qld that would meet our insurance needs adequately - ████ (at an annual premium of over $18,000) or ████ (at an annual premium of over $12,000 - their premium the previous year was about $5,000).
- **We chose the ████ premium, which was x3 times as much as we had paid to ████ the previous year.**
- Remember we are 8 x one bedroom units on a bock of land that would be the size of perhaps 2 average house lots.

- This insurance will not cover flood or storm surge (no insurer will cover these in Nth Qld)
- We have no idea what our premium might be this year. The level of stress that this rise in costs has caused unit owners in this complex has been significant. We have all struggled to meet these unplanned payments.
- This kind of economic strategy creates losses which are not recognised and mitigated by, or accounted for by insurance companies.
- My previous understanding of how insurance works was that we all pay some each year to cover those who have a loss (ourselves or others).
- What appears to have occurred in 2011 is that we have all paid a huge bonus to the insurance companies - but where was the safety net that we have been contributing to for the last few decades?? I thought that the insurance companies were the experts in risk management.

Thank you for your time in investigating this matter.

Regards,

Hilary

Hilary Waugh
Chair Person
█████████ Body Corporate