SUBMISSION NO. 186

Submission to Parliamentary Inquiry

То:	Parliamentary Inquiry on Strata Titled Insurance
From:	
Location of Property:	
Number of Units:	Not Sure
Comments:	As an owner of one small two bedroom unit in this block I am writing to explain that the insurance premium for this year is so astronomically high that it is unlikely any of the owners will be able to pay it again next year unless something is done to help reduce the insurance premiums.
	The building is a large block of two and one bedroom units that has been there since the 70's. With minimal damage ever done by all the previous cyclones including Yazi. As the insurance exceeds \$5m and the property has a beachside location no insurance companies where willing to offer cover for the block this year. The body Corporate had no choice but to except the only insurance company offering cover if it was to remain compliant with the body corporate rules. Insurance offered cover for the \$9m needed to cover the building at a cost of \$78,479.77. The body corporate used the funds it had for building maintenance and the rest was passes on to the owners of the units. The previous insurance on the building from memory was around the \$9000,00 mark it could have been slightly more that this but the amount was easily covered by the body corporate fees levied each year. The Body corporate did write to the owners saying they where expecting that this would increase substantially and possible even be double this year. The actual increase was so much that the body corporate has had to issue a special levy to owners of \$1974.20 this year on top of our body corporate annual fees of roughly \$2800.00.
	To further distress the owners the rent has reduced this year on the units plus the value of the units has dropped over the last few years from \$200,000.00 to currently \$130,000.00. The situation is now so dire that even at that price we would be unable to sell the unit as no-one will buy a unit that has the above costs associated with holding it. This year the full cost of the insurance will be passed on to owners as the body corporate has no maintenance fund to offset some of the costs so the costs of holding the units will only get higher.
	In this circumstance we are entirely trapped with no way out as even if we where prepared to loose more equity off the price no one will buy them. For some owners this will leave them with no choice but to not

pay the insurance and it will not be long before the building falls into disrepair with vacant properties and then there will be no chance of the remaining owners being able to pay this premium for insurance.
The insurance in Cairns is making any investment in the area untenable as the yield from the properties doesn't come close to covering the costs and while this is the situation there is no chance of a recovery in the housing market.
Please can something be done to support insurance companies to be able to offer competitive insurance for housing in Cairns?