

Submission to Parliamentary Inquiry

To:	The House of Representatives Standing Committee on Social Policy and Legal Affairs.
Issue:	Parliamentary Inquiry on Strata Titled Insurance
From:	Helen and Lindon Reed
Location of Property:	[REDACTED]
Number of Units:	9
Phone:	[REDACTED]

I could continue along the same vein as the previous submissions, un-sustainable and unjustified increases in strata title insurance.

We moved from the suburbs into the city for ease of access to our employment and our son's education.

Our unit is in a complex of 9 built in 2008. The insurance has increased from \$3,000 to \$16,000 over a three year period.

This is an outrageous increase and has total disregard to any justification.

I refer to the terms of reference that the House of Representatives standing committee on Social Policy and Legal Affairs and their responsibility to inquire and report on the affordability of residential strata title insurance, particularly in Northern Australia, and factors influencing these:

I give particular address to:

a) the magnitude of the increases in the cost of residential strata insurance over the past five years, the reasons for these increases and whether these increases are likely to be sustained;

As from previous submissions the committee can clearly see the enormity of the increases and the effect on people's lives that these increases are creating. People will not be able to afford these increases and there is no justification in such huge increases over such a short time frame.

In the Insurance Council of Australia's brochure dated 7th October 2011 they dismiss this under the section

Controlling the cost

Premiums for an entire strata complex may seem expensive, but divide the premium by the number of individual strata units involved and on average the annual premium will often be less than that paid by standalone households in the same area.

I question this as fact, and also question the understanding from the insurance council of Australia about the current premium increases.

We also own a house and our unit insurance premium is higher than our house insurance premium which also included contents of the house.

North Queensland, Paradise, with paradise and the lifestyle that we enjoy also comes with the title of high risk, for insurance premiums as there is an invisible line drawn in the sand somewhere to classify North Queensland as high risk. However looking at the whole of Australia and indeed the world there seems to be an increase in natural disasters and there is certainly an increase in media attention and hype therefore it is currently sitting very high on the political agenda, for now.

We may well sit within the tropical cyclone zone; however we do not live in tents. Our housing is set to building standards and quite often people go beyond the accepted standard.

We prepare and design for events of nature.

Our 9 unit complex is a cement fortress less than 4 years old.

My questions are:

- How do you address the issue of such an inequitable system?
- How do you ensure people do not lose their houses, their homes due to the affordability of insurance?
- How can we strive to provide low cost housing options for low income families?
- How do we continue to encourage support to ensure investment, development and growth for our communities?

I suggest to the committee that when the premium rate is being established then consideration should not only be given to the location of the dwelling, however consideration should also include the age, structure and the cyclone rating or standard of which a building has been built to.

There should be a building risk assessment to incorporate set standards and guidelines that dwellings are assessed against.

This information then can be utilised to form an accurate and fair assessment of risk, resulting in a fair premium rate.

The insurance perception of risk when allotting premiums is unbalanced and totally unrealistic.

To put my dwelling in the same risk category as the 60 year old low set dwelling across the road is ludicrous.

I am paying a higher price yet my dwelling is more structurally sound?

I am paying more because I live in a unit.

I am an average Australian and have come here today to speak because I am so distressed and outraged I feel sick at the thought of such unjustifiable increases which have a huge effect on people's lives.

I appreciate the attendance of all the people here today who find themselves in the same situation, we need to stand together to ensure our voices are heard.

Thank you to the committee for your consideration of my submission.

Helen Reed

16/1/2012