

From: [REDACTED]
To: Committee, SPLA (REPS);
Subject: STRATA INSURANCE REVIEW - NTH QUEENSLAND
Date: Sunday, 15 January 2012 12:44:44 PM

Scott Dunlop
Resident Manager

[REDACTED]
[REDACTED]
[REDACTED]
13th JANUARY 2012

TO WHOM IT MAY CONCERN,

I along with our BC Chairman Mr Terry Balson agree that the Cost of Insurance to those of us that own Starta Title property here in the Whitsundays has reached Unsustainable limits.

Most would certainly agree that there does need to be some form of Compulsory Insurance to cover certain types of incidents that would potentially affect all part owners in any given property however with the fact that the apparent current compulsory legislation that one rule fits all just does not seem appropriate in every or all cases. My own investigations seem to show that our Starta Title Insurance while it encompasses a range of Insurance sectors i.e Public Liability, Disaster and others we are unable as a group to stipulate or determine exactly what our own insurance should cover.

As Mr Balson has pointed out in his explanation/example of how the Insurers formulate the Replacement Cost of Insurance should a property be so severely damaged that it need to be demolished and rebuilt surely this can be a decision made by the owners of any complex at the Annual AGM. Already a COMPULSORY meeting each owner would vote based on budget forecasts, the current will of the owner/s, state of economy along with other factors should be able to determine if the individual owners of a building might wish to rebuild or as Mr Balson suggests just accept the Insurance payout for the loss in an event that the building is so severely damaged and liquidate the remaining land so that each owner can then do as they wish thereafter. Currently it appears that UNDER THE LEGISLATION we do NOT HAVE THIS FLEXABILITY. Alternatively in Motor Vehicle Insurance while it is Compulsory to have 3rd Party Insurance (Public Liability Ins) to safeguard others with all other Options such as Fire ~ Theft etc.at the Insured's discretion including a choice to insure for Market or Replacement Value.

In late 2011 I attended a local meeting here in Airlie Beach to hear from a representative of our 1 and ONLY remaining Insurance provider who went to great lengths to explain that the cause of these increases are a direct result of their Re-Insurers having reviewed their assessment of RISK in this particular region. The explanation went on about how Strata Title property was different to Residential property (NOT ATTRACTING THE SAME SORT OF INCREASES) in so much that a direct hit by a cyclone or other natural disaster would effectively damage or destroy a Higher Proportion of accommodation modules due to the high density of multiple dwellings compared to a typical stand alone Residence. This explanation just failed to compute to me as should a Region be affected by Cyclone or Flood then the damage is typically WIDESPREAD

and would likely affect both Single and Multiple dwellings alike. How can they determine or argue that simply because a multiple dwelling will cost more to repair or replace than a single dwelling when they effectively receive Multiple premiums under 1 policy paid for by each of the combined owners of that property. i.e 1 house worth 500k equals 1 premium based on 500k or 12 units worth 500k each equals 1 premium based on a 6million dollar dwelling (12 times 500k). The RISK or cost to repair is hardly greater for either style of property in comparison to similar Premiums .

Finally upon leaving that meeting I came accross a local couple who happen to own a Free Hold Motel in the Main Street of Airlie. This property comprizes 20 motel units and is undoubtedly a MULTIPLE DWELLING. Astonished was I to find out through the ensuing conversation that their most recent Insurance premium remained effectively UNCHANGED after the events of the previous 12 months. How is the RISK to this Multiple Dwelling any different from that a Strata Owned Multiple Dwelling.

Your Truly

Scott Dunlop
