

13<sup>TH</sup> January 2012

TO: The Secretary, House Standing Committee on Social Policy & Legal Affairs.

Re: Inquiry into Residential Strata Title Insurance

As Owner/Occupiers of 1 of 70 units in a complex of Villas and Townhouses in Cairns, we submit that government intervention into the residential strata insurance market should occur without delay.

Our reasons are stated below

1. The insurance for our complex has increased from \$35,200 in November 2010 to \$72500 in November 2011, an increase of 106% i.e. it has more than doubled. This premium was only agreed upon after much negotiation by the Managing Agents.
2. This policy does not cover Flood
3. The excess on this policy is \$15000 so only amounts above this are worth claiming hence we individual owners get very little value from our insurance unless there is a major disaster
4. As the total value of the property exceeds \$20million dollars we understand that there are only **three(3)** Insurers who offer insurance for these risks North of the Tropic Of Capricorn
5. In the 18 years it has been here, this property claimed a little over \$140,000 after Cyclone Larry and nothing after Cyclone Yasi and little to nothing for the rest of that time.
6. In quoting the premium Companies take little or no account of this history and of the preparatory activities carried out by the Body Corporate Committee and Management to reduce risk e.g. tree-logging of all potentially dangerous trees, drainage maintenance etc.
7. Regulations with regards to Insurance requirements for a Complex such as ours restrict options when searching for insurance
8. The effect of this large increase, combined with the current economy, has forced some owners to sell Units for whatever they can get, in what is already a severely depressed market
9. Rents are being increased to cover these costs, forcing some long term residents to opt to leave and placing many residents on limited incomes under extreme stress. As pensioners we find ourselves in this position.

To summarise

It is our belief that it is in the interests of all levels of Governments to make high density living in multistorey buildings and complexes like ours, attractive and affordable. Where facilities like pools and other recreational areas are shared, internal roads, lighting etc. etc are maintained by the Body Corporate, the savings for Government, at all levels, in the short and long term are significant.

Body Corporates do pay for a lot of what Governments would have to pay if all these residents were spread out in individual housing blocks. The Government should therefore assist these residents in this situation where Insurers are using natural disasters as an excuse to make large profits out of what was a growing industry.

Governments must step in and regulate the industry where competition is so limited.

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Linda & John Pearson



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