SUBMISSION NO. 349

From: [redacted]
To: Committee, SPLA (REPS);
Subject: Fw: Insurance hikes for Unit holders SUBMISSION
Date: Monday, 16 January 2012 10:59:30 PM

[redacted]

Sent: Monday, January 16, 2012 9:39 PM
Subject: Insurance hikes for Unit holders SUBMISSION

I am writing this on behalf of my son Christopher Sweet, who owns a unit in [redacted]. Chris is my son and I am his proxy on his unit.

Contact details are:

Unit address: [redacted]

Phone Contact : [redacted]

We are very concerned about insurance hikes, lack of competition and the methods used to evaluate values.

Chris moved into the unit in 2007 and at that stage paid corporate fees of $ 450 per quarter. These escalated to $ 1600 per quarter, mainly due to the increase in insurance, which was an approximate premium of $ 20153 in 2008, then raised from approximately $ 28,000 to a premium of $ 91345 in the 2010/2011 year. This increase occurred before the cyclone, floods of last year. We are yet to find out what the increases are at renewal.

The body corporate obtained a building report in June 2010, where they including hugh increases in the valuation, hugh professional fees, cost escalations, demolition fees, GST costs etc. I understand that some increases occur over time, but these amounts seemed excessive.
I contacted them and I was concerned when advised that the valuations are not necessarily done in person on the building but obtained from construction manual. This is the valuation that the insurance then quoted on for the insurance.

The original insurance on the building was with [redacted], but by the time quotes were obtained a lot of the insurance companies had pulled out of

North Queensland, only leaving [redacted]. This meant no competition thus the price quoted was unable to be compared. This increase and insurance companies pulling out of the market occurred before the cyclone and flooding in 2011.

I obtained information on the claims made by unit holders and these were minimal. The units were built in 1982, were brick, had concrete floors, very solid and had not been affected by any flooding, fire etc in the previous 20 years. There history did not show any major claims.

I did a lot of investigation into all these matters and have a file on the insurance etc.
I spoke to the building estimate people, the insurance companies, the body corporate managers and the more information I received the more concerned I
became with the lack of competition, the methods used to justify increases and the enormous costs of unit owners being able to afford and wanting to live in units.

Please contact me if you require any more information.

Glenda & Chris Sweet