SUBMISSION NO. 375

16 th January, 2012	Mr Scott McKellar
То -	
The Enquiry Into Residential Strata Title Insurance	
Email – <u>spla.reps@aph.gov.au</u>	

Dear Sir/Madam, To Whom It May Concern,

As the owner of an investment property located at a second s

It is with great concern that I write this submission and wish to bring to the attention of the Committee that the growing cost of Residential Strata Title Insurance is significantly out of step with comparable insurances. I intend to use a comparison between the insurance costs I incur in my business and their increases with that of the cost to insure the property at the propert

I have been advised today by the body corporate manager of **Control of the transmission** that the cost of insurance of the property to be - \$38 942.75 for the insurance of 24 units of an approximate age of 30 years. This is up from \$12 481.20 which equates to an increase of \$26 461.55 in one year.

Please compare this to our business insurance cost-

Workcover	
2010 - \$7851.00	2011 - \$9230.00 an overall increase of \$1379.00
	(mainly due to increased payroll)

Business Insurance

2010 - \$8448.00 2011 - \$8705 an overall increase of \$257.00

Significantly it must be noted that we claimed just over \$100 000 in payouts last year against our business insurance, in two claims the largest of which (+\$70k) was not related to cyclone Yasi. It must also be noted, that while I do not speak on behalf of the other owners at **sector**, I personally sustained no damage to my unit from cyclone Yasi, and in fact have never made a claim against the properties insurance policy in the 8 years I have been an owner.

As such, my questions to the Committee and by extension the Insurance industry as a whole, is how such obscene policy cost increases can be justified in the face of similarly vulnerable policies (home/business/car) showing little or no increase?

Are the owners of strata title properties deemed to be easy targets for gouging by insurance industry heavyweights?

It seems incredulous to me that there can be such disproportionate increases in strata title insurances while little movement occurs in other policies.

I will close by urging the Committee to truly examine the relative costs of Strata Title Insurance and trust that sense and fairness will prevail in a system which seems to undermine its own credibility with such exorbitant policy increases.

I have every intention of attending the meeting in Townsville and would be prepared to speak should the committee wish me to do so.

Sincerely
Scott McKellar BSc
Managing Director –
Owner/Investor –