

**Submission to Parliamentary Inquiry**

To:	Parliamentary Inquiry on Strata Titled Insurance
From:	Carmel Sherman – [REDACTED] [REDACTED]
Location of Property:	[REDACTED]
Number of Units:	12
Comments:	<p>Prior to cyclone Yasi, the brokers for our Body Corporate Insurance advised to budget for an increase in body corporate insurance of 30%.</p> <p>Our insurer at the time was [REDACTED] and the policy went from \$8000 one year to be quoted at \$28000 the following year being a 250% increase. A suggested reason for this increase was that [REDACTED] no longer wanted to offer insurance to our area due to the potential losses that could happen with a natural disaster event.</p> <p>Depending on the insurance company you cannot get a quote to renew your insurance for the next year until it is either one month or two weeks before the expiry of the current insurance. As insurance is a necessity, it pressures the body corporate to make snap decisions on large sums of money that can greatly affecting the administration fund of a body corporate.</p> <p>My main concerns are:</p> <ol style="list-style-type: none"> <li>1. Insurance companies cannot provide quotes for renewing body corporate insurance early enough for the body corporate to budget for any substantial increases without putting pressure on owners.</li> <li>2. The incredible increases in insurance costs will greatly affect investors from purchasing strata units. There is lessening incentive for investors to consider purchasing strata units when the insurance, body corp fees, council rates and bank interest eat away at the rental income. Without investors, there will reduced rental properties available which will affect even more individuals in our area.</li> <li>3. Aging owners may be forced from their homes if they cannot maintain their body corporate fees and council rates. It is a situation where they may need to sell their property and in the current market, there is not an opportunity for good returns either. With insurance costs being a large portion of the body corp fees it is a cost that needs to be scrutinised.</li> <li>4. Every year, after any natural disaster around the world, we all expect an increase in insurance. Why is it, that body corporate insurance increases have risen by percentages much greater than that of typical household, contents and car insurances?</li> </ol>

