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From:	Andy Doves
To:	Glover, Kaye; Jeff Revell (jkrevell@bigpond.com); Lane, Marianne; Mandile, Barbara; McKnight, Ron; Newlyn, Lorraine
Cc:	Stansure Strata
Subject:	INSURANCE
Date:	Tuesday, 2 April 2024 9:04:00

Dear All
I refer to the 2024/25 insurance coverage details as posted to the Property IQ site and note as follows.

1. Coverage for Common Area Contents has dropped from $942,386 to $102,128; or from 1% to 0.1% of Buildings Coverage. Is this a deliberate reduction or an error please?
2. Our premium has been reduced by about 14% compared to the previous year and on an increased coverage. Is this saving a result of the lower coverage for Common Area Contents as in 1. above or have our premiums reduced – **against the trend***?
3. Our policy Coverage Summary, Additional Address Description (Page 10), does not include the address of our major common property asset - being our pool situated at 2 Emerald Island Drive. Could you please correct this?

Best regards
Andy Doves
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1. Strata insurance premiums continue to rise. A recent quarterly market update from Honan Insurance Group found that on average across the country, increases range from 15% to 20%. Some strata premiums are going up by as much as 35%. (Honan Insurance Group - 2 Nov 2023).

2. What's in store?
   In 2024, the world of strata is looking to be a lot like 2023:
   - Premium increases
   - A reluctance to perform valuations and underinsurance
   - Ongoing defects and limited access to cover
   - Rising energy and repair costs

   While the above features roll on into 2024, we also expect to see:
   - More cases of financial hardship and levies in arrears
   - SCA Strata Insurance Disclosure Best Practice Guides
   - Legislation reviews in VIC and NSW

   Premium predictions
   While we don't have a crystal ball, the market indicates that premiums will increase between 10% to 15% across the board for good risks without defects and claims.
   Properties with defects and a poor claims experience will continue to experience larger premium increases and potentially higher than standard excesses imposed. Again, insurers will require details on any defect rectification and risk mitigation.
   Valuations and underinsurance
   In hard insurance markets with increasing premiums, there is little uptake of insurers suggested building sum insured increases. Also, there is often a reluctance to perform a valuation as it may result in an increase in sum insured and premium.
   The ongoing labour and materials shortage are resulting in dramatic inflation in construction costs that well exceed CPI. Sums insured are not keeping pace with CPI let alone cost of construction.
   In a report by the Master Builders Association in NSW, building material costs are now

increasing at their fastest rate since 1980. Right across Australia, the cost of materials used in buildings has increased by +4.2% during the March 2022 quarter and are now +15.4% higher than the previous year.
(Whitbread Insurance Brokers 12 February 2024)