



## Insurance Renewals

Section 166 of the Strata Schemes Management Act 2015 provides that a Strata Managing Agent must obtain insurance quotations as shown below.

A [strata managing agent](#) must provide the [owners corporation](#) with not less than 3 quotations from different providers for each type of insurance proposed by the agent to the owners corporation or provide written reasons to the owners corporation if less than 3 quotations are provided.

Strata Logic at all times comply with this legislative requirement to ensure clients have the best opportunity to obtain competitive renewal terms from the insurers in the strata market.

If a revaluation is requested by the owner's corporation we ensure that it is available at least 6 weeks prior to the insurance renewal date. We then ensure the broker provides renewal terms at least 3-4 weeks prior to the renewal date so the treasurer, office bearers or strata committee have the time to consider the renewal terms and the premium without being rushed into acceptance.

The owners corporation **must** hold the following insurances:

- ◆ Building damage;
- ◆ Public Liability;
- ◆ Voluntary Workers; and when applicable
- ◆ Workers Compensation (any direct employees)

The owners corporation can also consider optional cover such as:

- ◆ Office bearers liability; and
- ◆ Misappropriation of funds

There are also other extensions to cover that can be considered such as:

- ◆ Machinery Breakdown
- ◆ Paint Damage and
- ◆ Catastrophe Cover

## Insurance Claims

There are no exact guidelines on how an insurance claim is processed. Each insurer, broker and strata manager may have different protocol and check measures in place but the following information elaborates on common insurance claim practices and on how Strata Logic views and handles the process.

There was a time when insurance claims for claimable losses such as burst pipes, broken glass, malicious damage or water damage were not necessarily subjected to a claims excess. However ***it now seems most strata insurers are applying excesses to all claims to wipe out smaller claims and not just for clients who have an existing poor claims history.*** This insurer position does mean smaller claims are no longer possible resulting in less cost recovery for an owners corporation however the bigger picture remains and that is that insurance covers any significant loss a strata scheme may face. It is also interesting to note that insurers have extended their policies to cover more risks. A good example is damage to paintwork within a lot. It is now often insurable under the building policy. This has always been a contentious issue for lot owners who have suffered damage to paint due to flooding from an external source over which they had no control. Covering the paintwork as a part of the building damage policy can avoid some conflict but any claim is still subject to any excess applicable to water damage claims.

***It's the responsibility of Strata Logic to ensure any repair costs are claimed against the building damage policy whenever the loss exceeds the excess on claims and when the loss falls within the definitions of the policy wording.*** As strata agents we are not experts in insurance, nor do we have the time to read and interpret every policy document from front to back. Each insurer's policy wording is different. For the smaller claims (let's assume an estimated value not exceeding \$5,000) the repairs are generally completed and the tax invoice is then submitted to support the claim. So the claim is lodged after the repairs are completed. This avoids any delays with the repair process. If we as strata manager are in doubt about whether it is a claimable event we seek guidance from the insurance broker or we proceed to lodge the claim and have the insurer determine the claim. ***It is not the managers' role to make a call on whether a loss is or is not a claimable event as defined under the policy. The manager simply assists with the lodgment and then settlement of the claim.***

**Strata Logic generally does not have access to deal with the insurer directly all claims and enquiries go via the broker who deals with the insurer and the claims officers and any appointed assessor.**

For any successful claim the insurer pays the owners corporation (the insured party). If in the rare occasions where a lot owner has paid a contractor for repairs directly before submitting their claim then it is up to the strata manager to reimburse the lot owner (less any applicable excess) once the insurer has settled the claim. If the scheme is registered for GST and the insurer has deducted the GST the manager needs to pay the lot owner the GST inclusive amount so they are not out of pocket.

For larger claims (let's say exceeding \$5,000) the insurer will accept a quote for a repair generally after reviewing at least two quotes. If Strata Logic is able to contact the insurers preferred contractor then sometimes this can short circuit delays as some contractors have insurance company authority to both assess claims and to complete repairs without referral back to the insurer. Also in such cases the insurer may pay the contractor directly.

**For the really large claims where the anticipated loss may exceed say \$20,000 the insurer may appoint an assessor. Strata Logics role is to assist the assessor to ensure they have access to the damaged common property, site contacts, any quotes for the repair and any other relevant particulars. The assessor reports directly to the insurer and generally speaking the insurer accepts the assessors report.**

The owners corporation or an individual lot owner always has the right of appeal against an insurer decision both through the insurers internal review process and the insurance ombudsman.