

# STRATA OWNERS CHECKLIST

**MYTH BUSTED**

## 1. GET INVOLVED AND TAKE CONTROL.

- Insurance is possibly one of the biggest costs of living in Strata Accommodation, so get involved.
- Ask your Broker which insurers offer Strata Insurance for your property. As we know there are not that many. So, comparing does not actually take that long or cost you anything extra.

## 2. UNDERSTAND WHO IS GETTING PAID TO ARRANGE YOUR INSURANCE.

- Find out who commissions are being paid to? Strata Managers, Insurance Brokers?
- Ask why fees/ commissions are being paid to Body Corporate Managers? What service are they actually providing in arranging insurance?
- Sure Insurance does not pay commissions to Brokers or Body Corporate Managers on Residential Strata Insurance. We believe, as does the ACCC, in a fair and transparent remuneration model for their services paid directly from the Body Corporate where you decide how much remuneration is fair and who should receive it.

## 3. PROVIDE AS MUCH INFORMATION AS YOU CAN.

Check how old your valuation is. Although there is a legal requirement to obtain a valuation every 5 years, older valuations can sometimes over state allowances for CPI increases in building costs. The more up to date the valuation, the better the cover.

Well maintained and resilient properties are rewarded with premium reductions.

### HAVE YOU SUPPLIED?

- Up to date Insurance full replacement valuation, as per BCCMA 1997
- Asbestos register
- Body Corporate maintenance past records & future plans evidencing funding.

## It's too complicated to compare insurance.

As we know there are not a lot of insurers in North Queensland who are prepared to cover Strata Title insurance.

One of the key services of an Insurance Broker, is to run around and gets the quotes for you, then recommend an insurer that meets your needs in both price and cover.

## Now by law, you must be presented with 2 insurance quotes

*if the cost of the insurance policy is above the major spending limit for the scheme. Even if it's not over the major spending limit, why not get 2 quotes?*

Comparing 2 quotes from a licenced Insurance Specialist, can't be too hard. Get them along to your meetings and get them to explain.

- Consumable Cladding Audit report
- Defect reports
- Disaster plans with emphasis in risk mitigation plans e.g. sail removal, sand bagging etc.
- JCU Strata Resilience Reports
- Maintenance reports including recommendations implemented.
- Photos where requested.
- Pool Safety certificate.
- Sinking fund Forecast.

## 4. ASK YOUR BROKER WHAT SPECIALLY IS DRIVING UP THE COST OF YOUR INSURANCE and MORE IMPORTANTLY, WHAT STEPS CAN YOU TAKE TO BRING THE PRICE DOWN.

- Is it the cyclone, storm surge, flood, bushfire or crime risk that is driving up the price?
- If so, ask what steps can be taken to reduce that specific part of the premium.
- Is it the history of claims?
- Is insurer missing some important information?

## 5. CARRY SOME OF THE RISK, WITH A HIGHER EXCESS.

- Discuss with your Broker the reductions to premiums, if you opt for a higher excesses.
- Remember this is not just the Standard Excess, but Cyclone Excess, Flood Excess or even an Escape of Water Excess.
- Importantly discuss with the body corporate committee and lot owners to identify what level of excess payment owners are able to accommodate post claim.
- Strongly consider if a fund, similar to a sinking fund, could

portion of the excess payments that would be required following a significant catastrophe event. Or even an Escape of liquid fund, to cover the excess, which is usually born by an individual lot owner.

## 6. TAKE RESPONSIBILITY.

- Undertake regular maintenance rather than lodging claims for small issues.
- Have you reviewed the claims history of the strata complex? Is there scope to reduce the number of claims made during the year?
- Is the strata manager making claims for building maintenance issues that can be solved by regular repairs?
- Can you make improvements to the property that will reduce the insurable risks?

## 7. TIMING.

- Insurance is generally discussed at the AGM.
- Make sure your insurance expiry date and AGM are aligned, allowing enough time to review question and seek alternative quotes.
- If they are not aligned, hold and **Extraordinary INSURANCE SPECIFIC MEETING**, and invite your Broker along to answer any questions.
- The Committee should be working directly with their Broker in finding ways to save.



**INSURANCE, BUT FAIR**