

NIBA urges strata unit owners and body corporate committees to consider the following points:

- Every strata building is different, and faces different risks which need to be taken into account when considering insurance cover
- Strata insurance policies vary, and care needs to be taken to ensure the insurance policy matches the needs of the property
- The amount of cover (the sum insured) needs to be adequate and appropriate for the building and its risks, or the strata owners could be significantly out of pocket if a major loss occurs
- In order to determine the correct amount of cover, the body corporate committee should obtain a full building valuation at least every 5 years (or as often as may be required by local legislation). The limit of cover should also be reviewed each year (in between valuations) to take account of inflation in the cost of building and repairs
- The high cost of strata insurance in North Queensland is driven by the risks faced in the region – insurers have paid out \$1.40 in claims for every \$1 received in premiums in North Queensland in recent years, according to a Government Actuary report in 2014
- Cheaper insurance cover bought directly could well be a false economy if it means you're not properly covered in the event of a loss or claim
- Insurance brokers act on behalf of policyholders, not on behalf of insurers, and can be relied on to provide impartial advice on your unique risks – and place insurance accordingly
- Insurance companies do not, as a rule, give advice to clients on what products are appropriate for their needs. Only brokers can do this
- Brokers can advise on whether your insurance arrangements are complying with requirements under state laws
- If you have to make a claim, your insurance broker is your advocate and will help with the claims process. Your claim is more likely to get paid, and at a higher level if you use a broker

Speak to your insurance broker if you require more advice on this matter

Residential strata insurance

Proper insurance coverage for strata title buildings is not only desirable – it's often required by relevant State or Territory legislation. Strata unit owners and body corporate committees often assume that the correct insurance is in place, without asking questions that are important in this area.

Strata managers often arrange insurance coverage via their own contacts and business relationships. Body corporate committees can also purchase insurance directly from a number of insurance companies.

However, the National Insurance Brokers Association (NIBA) believes that choosing the correct insurance coverage for a strata title building can be difficult and confusing.

We strongly recommend that strata unit owners and body corporate committee members seek the expert advice of a qualified insurance broker to make sure they are adequately covered in the event of a claim of any size.

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things you need to ask about your strata insurance needs

- 1** What are the risks we need to insure, and how can we manage those risks? (Possible exposures include building damage, public liability, machinery, flood, volunteers, workers compensation)
- 2** Which insurance companies offer the best policies for the risks we have at our building? Do those policies meet the requirements of the relevant legislation?
- 3** What are the appropriate levels of cover we need to insure for? Do we need to get a building valuation to make sure the sum insured is adequate in the case of major damage to the building? In the case of major damage, how much do we need to include for removal of debris, professional fees for architects and other consultants, and any specific site costs? If we have to rebuild, do we need to allow for costs arising out of a new building standard for the area?
- 4** What is an appropriate amount of excess (like motor vehicle insurance, the excess is the amount of the claim that you have to cover yourself) that we should carry for our insurance program? If we choose a higher excess, will the body corporate have sufficient funds to cover that amount if a major claim has to be made?
- 5** What is the most cost-effective insurance cover for the body corporate? What insurance policy gives the best cover for the best price?

If you're not going through an insurance broker to get the best advice and best cover for your strata insurance needs, you could be caught out in the event of a claim. Speak to your broker today.



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If you don't currently use a broker and need to find one near you who specialises in strata, visit needabroker.com.au or call freephone **1300 531 073**