



residential strata

INSURANCE

explained

What is a residential strata insurance?

In simple terms, Strata Insurance is a type of property damage and liability policy designed specifically for property that is a registered Community Title Scheme (CTS) under the Land act of 1994.

These are individually owned lots or units within the building that share common spaces. E.g.: unit or townhouse complex that are managed by a Body Corporate. Duplexes are often a registered CTS as well.

Body corporates and committees

All individual unit owners become a member of the Body Corporate when they buy their lot or unit. The Body Corporate members elect a Committee to act on their behalf in matters that relate to the legislative requirements under the Body Corporate and Community Management Act. Including:

- the management and maintenance of common property,
- insuring the property and public liability risk of the Body Corporate,
- and setting the individual fees paid by the owners to ensure the body corporate can operate and maintain the property,
- makes and establishes the by-laws, and
- records for the body corporate's financial accounts, meeting minutes and authorisations.

Some Body Corporates appoint a third-party Body Corporate Management Company to manage all or part of their body corporate requirements.

Is residential strata insurance compulsory?

Yes, this type of insurance is specifically for registered Community Title Scheme property and is compulsory under the Body Corporate and Community Management Act.

It is designed to protect the Body Corporate members for their shared risk. The cost of this insurance often forms part of the Body Corporate quarterly fees paid by each Body Corporate member.

What does a residential strata policy cover?

Residential Strata Insurance differs from home insurance as it is held in the name of Body Corporate on behalf of all the Body Corporate members.

Body Corporates must have all their buildings and property valued periodically for the current replacement value. This should also include the cost for removal of debris and professional fees to re-instate the building/s to ensure that Body Corporate members are protected.

A residential strata policy covers:

- the full re-instatement cost of the buildings, pools, driveways, decks, gardens, and common contents* for

damage,

- legal liability
- temporary accommodation or loss of rent.
- Optional Office Bearer's Liability, Volunteers' Workers Compensation and Fidelity Guarantee.

*furniture or items in common areas for the use of all lot owners such as pool area furniture or a BBQ.

Body Corporate buildings are usually classified as the walls, floor and roof of the building and any permanent fixtures like kitchen cabinetry and benchtops, and bathroom fixtures.



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Individual Body Corporate members are responsible for insuring specific items within their lot or unit, including:

- their personal contents,
- any air-conditioning (fixed or mobile)
- window coverings such as blinds, curtains, and venetians,
- carpets and floating floors,
- temporary walls, and
- other items that are not wired or plumbed in.

It is always good to check with your Body Corporate Committee or Manager for any additional items that are not covered under the Body Corporate's Strata insurance.

what's not covered?

Insurance policies don't cover everything ... there are exclusions, and these can vary between insurers.

Most policies don't cover wear and tear, neglect, bad design or faulty workmanship, damage from tree roots or deterioration and items that are required to be insured by the unit / lot owner.



Getting a quote

Getting a quote is quick and easy. Visit our website, www.reefib.com.au and navigate to the Personal Insurance page to complete a quick online quote request or call us for a chat on 0473 007 606.

This information is general in nature and should not be considered as personal advice, for a more tailored discussion about your circumstances please call us for a chat. ABN: 48 646 410 335 | Corp AR of UIG # 1285127

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