



<http://understandinsurance.com.au/types-of-insurance/strata-insurance>

Strata Insurance

Residential strata insurance, also called body corporate insurance, covers common contents and property under the management of a strata title or body corporate entity.

Owners of strata units typically share the premium costs of strata insurance as part of their strata fees and liabilities. Strata insurance is mandatory and must also provide public liability covering people that may be injured on common property.

Each state and territory has different legislative requirements that deal with insurance for strata title properties. Check that your insurance meets those legislative requirements. Your Body Corporate has a duty to insure the property and make sure the policy purchased meets the minimum legislative requirements.

To find an insurer that offers these types of policies, visit www.findaninsurer.com.au [<http://www.findaninsurer.com.au>]

What does strata insurance cover?

Strata insurance generally covers the building and common property and contents as defined on the title for the property. This might include common areas, garden equipment, wiring, lifts, swimming pools, car parks, walls, windows, gardens, ceilings and floors. These policies often have to cover common property that the average home policy does not.

Other common property that you might find is covered under strata insurance may include some of the fixed parts of your unit, such as ducted air conditioning, but it will not cover everything. If you own or lease a strata property you should read the policy carefully so that you understand what is not covered in your unit.

What does strata insurance typically NOT cover?

Strata insurance covers only common or shared property and may list certain exclusions, such as coverage against landslip or flood damage, or for the property's fencing. It is important to remember this type of insurance doesn't cover the contents and personal items of unit holders or residents.

Make sure you have appropriate contents cover for your belongings, and for those other things strata insurance does not protect.

How much excess should we agree to?

Ask your strata manager or body corporate about the level of excess that has been negotiated with the insurer. It may help to work out how much it would cost to repair and rebuild the property in the event of a natural disaster, look at the limits in the policy, and work out from that how much excess the owners are prepared to pay.

What factors contribute to the premium?

In general, strata insurance costs the same or less for each unit owner than the premium paid by the owner of a stand-alone residence in the same area.

Each strata insurer develops and offers a unique commercial product in accordance with its underwriting appetite. Some common factors contributing to the premium include:

- Mandatory requirements of state-based law
- Government taxes on insurance (stamp duty and GST)
- The age and condition of the building
- The replacement cost of the building
- The risk profile of the location
- The claims history of the strata complex
- The vulnerability of the insured property to an insured event (age, building codes, building design and materials)
- Commercial activities carried out on the premises, such as holiday letting
- Fee and commissions from agents
- The level of excess payment selected by the body corporate, payable at the time of a claim
- The costs of common property, for example car parks, stairwells, fire protection systems, lifts and pools