



Understanding Strata Insurance Disclosure

INSURANCE

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What you need to know

Navigating strata insurance can be complex for anyone, but understanding what best practice is in regard to insurance disclosure can both simplify the process, and contribute towards positive, informed outcomes for strata communities.

Strata Community Association (SCA) is proud to have officially released its 'Strata Insurance Disclosure Best Practice Guide', which sets out necessary and critical changes to how SCA members will be disclosing strata insurance practices to strata communities from 1 July 2024.

It is critical that all stakeholders, including consumers, understand the incoming changes, and what is being done to enhance transparency and choice for strata residents, both in Western Australia and across all jurisdictions.

Role of Strata Managers and Insurance Brokers

Firstly, it's important to understand the role of strata managers in relation to strata insurance, and why they are being remunerated.

Services provided by Strata Managers in the process of the placement of strata insurance include:

- Quotation and procurement
- Placement and renewal of insurance
- Claims management
- Record keeping
- Correspondence and negotiation
- Providing advice based on insurance knowledge

Strata managers bring valuable knowledge of both the insurance landscape and the specific buildings they manage, which benefits the strata committee and policy outcomes. With increasing legislative and regulatory requirements, the expertise of both strata managers and brokers is crucial, working in tandem to provide tailored insurance solutions.

Consumers in strata communities have the right to clear, concise information about their insurance policies and the remuneration involved. Therefore, by adhering to best practices in strata insurance disclosure, SCA aims to provide a transparent and informed experience for all strata communities in Australia.

What is ‘Best Practice’ for Strata Insurance Disclosure?



Empowerment of Strata Committees

To ensure that strata committees are fully informed, it’s crucial they understand their options, the details of their insurance policies, and the breakdown of associated fees. This knowledge enables better decision-making and financial planning.



Positive Consumer Outcomes

Improving the relationship between consumers and insurance providers by fostering clear communication and understanding is a key goal. This leads to better experiences and outcomes for those involved in strata insurance.



Transparency and Choice

Providing clear communication about choices and the specifics of insurance policies, to ensure that consumers are well-informed.



Timely Communication

Strata committees should expect at least three clear points of communication: when they receive a quote, when the invoice is issued, and during the Annual General Meeting (AGM). This ensures that all parties are aware of the details and timing of their insurance policies.



Concise Information

Providing clear, easy-to-understand information about the roles and responsibilities of the strata manager, broker, and insurer is essential. This includes explaining the strata insurance process in simple terms, making it accessible to all committee members.



Clear Financial Disclosure

Consumers have the right to know who is getting paid and why. This information, including the amounts, will be included with invoices, quotes, and discussed at the AGM. Transparency in remuneration helps build trust and ensures all parties are accountable.

The main components of best practice strata insurance disclosure guide have been summarised into three steps:

- 01 >> Disclose
- 02 >>> Document
- 03 >>>> Communicate

Understanding the intricacies of strata insurance can be challenging, but with the right information and clear communication, strata committees can make decisions that benefit their communities.

SCA's commitment to best practice in strata insurance disclosure is designed to ensure that consumers have all the information they need to navigate their insurance options confidently.

Upcoming SCA (WA) Events

CHU SCA (WA) Owner Conference



Date: 14 November 2024
Location: Optus Stadium
Cost: \$50 - \$75

wa.strata.community/wa-owner-conference