

What is Best Practice for strata insurance disclosure, and what is SCA doing for consumers?

- ✓ **Building understanding** – To ensure strata committees understand their choices, options and fee breakdowns as they relate to their insurance policy.
- ✓ **Positive consumer outcomes** – To improve relationships, conversations, understanding and outcomes for consumers of strata insurance.
- ✓ **Transparency and choice** – To raise the bar of strata insurance transparency, choice and communication.
- ✓ **Timely communication** – To provide clear and timely communication, with a minimum of three touch points for communication of strata insurance placement between strata manager and committee – at time of quote, invoice and the AGM.
- ✓ **Concise information** – To provide clear and concise information that explains in simple terms the roles and responsibilities of the strata manager, broker and insurer and the strata insurance process.
- ✓ **Remuneration disclosure** – FAQs and information about who is paid what, and why, in dollar values and included with invoices, quotes and at the AGM.

SCA's **3** Principles of Best Practice Strata Insurance Disclosure

SCA members will be delivering transparent, timely clear information to consumers based on the following three principles:



DISCLOSE

Strata committees can clearly see what actions are being taken, the parties involved and all remuneration for their insurance policy.



DOCUMENT

Strata committees understand their choices, options and fee breakdowns as they relate to their insurance policy.



COMMUNICATE

Strata committees receive clear, timely, accurate information about their insurance policy.

Standardisation of the information provided on quotes and invoices, such as on the SCA template below, will ensure that strata committees are provided with transparent, timely information to inform their choices.

Invoice template

Itemised Insurance Costs	Previous year Name	Current year Name
Base Premium Gross (includes commission if applicable)		
ESL or FSL		
Stamp Duty		
Underwriting Agency Fee		
Broker Fee		
GST – all items		
Total insurance costs including GST		
Commission		
Allocation of strata insurance remuneration (where applicable) <ul style="list-style-type: none"> • Strata manager • Broker 		
Conflicts of interest		
Best interests declaration		
Total strata insurance remuneration		

What do strata managers do in relation to strata insurance and why do they receive remuneration?

Strata managers undertake or participate in 47 different services in relation to strata insurance to their clients, including, but not limited to:

- ▶ Quotation
- ▶ Procurement
- ▶ Placement and renewal
- ▶ Claims management
- ▶ Insurance record keeping
- ▶ Correspondence
- ▶ Negotiation and liaison
- ▶ Advice based on insurance knowledge

The value of strata manager and insurance brokers in the insurance process

- ▶ The knowledge and experience the strata manager holds of the insurance landscape as well as the building is an asset to the strata committee and the policy outcome.
- ▶ Increased legislative and regulatory requirements, along with buildings which are often complex, mean strata manager and broker expertise is incredibly valuable.
- ▶ Insurance brokers provide general and personal advice, drawing on their specialist skills and working closely with the strata manager when involved.
- ▶ Specialist brokers work to understand the unique aspects of the building being insured and provide a tailored quote based on the building's particular set of circumstances.

What is strata insurance remuneration?

Strata insurance remuneration is the total value of the remuneration paid to the parties involved in the process of insuring a strata building.

Who is paid strata insurance remuneration?

The two most common parties who receive remuneration will be the strata manager and the insurance broker, however who receives remuneration is based on the arrangement the strata committee chooses:

- ▶ Many use a strata manager who works closely with one or more insurance brokers.
- ▶ Some contact an independent broker to aid their insurance choice.
- ▶ Some strata communities choose to take out insurance directly with insurers.

Do strata communities have choice about remuneration models?

Yes. Strata communities have the choice of several remuneration models, and it is advisable if they wish to alter their current remuneration model to discuss it with their strata manager to fully understand their personal circumstances.

Are all parties who are remunerated as part of the insurance process listed in this section?

Yes. No matter which remuneration model is chosen, all parties who are involved in the insurance process will usually receive remuneration, and you will receive details about how much remuneration they receive.

What about potential conflicts of interest or business arrangements?

If any parties to the insurance process have conflicts of interest, or are receiving other remuneration as part of the transaction, they will list it clearly.



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