

# Quick Guide

## Commercial Strata Insurance Plan



CHU

The Specialists in Strata and  
Community Title Insurance

CHU Underwriting Agencies Pty Ltd (AFS Licence No: 243261) is an underwriting agency acting on behalf of the insurers:  
QBE Insurance (Australia) Limited ABN 78 003 191 035 (AFS Licence No: 239545) QBE Workers Compensation (NSW) Limited ABN 95 003 195 604

Legislation in each Australian State sets out the minimum insurance requirements that must be adhered to by strata schemes. As a consequence strata schemes have a duty not only to insure but also to make certain that the insurance policy they effect conforms to the minimum legislative requirements.

Insurance for strata schemes has been CHU's sole focus for over twenty years and our policies are constantly updated as changes in legislation, or other developments, occur.

For this reason you can be confident that insurance arranged under our 'Commercial Strata Insurance Plan' not only meets with the legislative requirements but also includes other important complementary covers and a range of additional and special benefits. This ensures the Body Corporate receives optimum protection from the risk of financial exposure.

**Cover is provided by means of eight policy sections and this guide is a summation of the key features of these covers. Other than where monetary or percentage limits are shown, the amount payable under any policy section will not exceed the sum insured applying to that policy section.**

### Policy 1 – Building and common area contents

#### What is insured?

The Building and Common Area Contents are covered against ACCIDENTAL LOSS OR DAMAGE on a replacement (new for old) basis up to:

- ◆ the sum insured for buildings; and
- ◆ 1% of the building sum insured for common area contents.

Cover applies to the insured property while at the situation or while temporarily removed from the premises (eg for repairs).

The term 'accidental loss or damage' includes, but is not limited to, events or happenings such as:

- ◆ fire, lightning, explosion, storm, water, earthquake, aircraft, riot and civil commotion, malicious damage (including that caused by tenants), vehicle impact, theft, vandalism, glass breakage, fusion PLUS
- ◆ accidental breakage and any other event or happening that is not specifically excluded (eg flood, wear and tear, corrosion, vermin).

The exclusions are clearly set out in the policy. The sum insured is not subject to a co-insurance clause.

#### Additional Benefits

The cover on the building automatically includes the following benefits in the sum insured.

- ◆ Cost of architects and professional fees involved in repair or replacement
- ◆ Cost of removing insured debris
- ◆ Emergency cost of minimising losses
- ◆ Cost of fees or imposts imposed by a Statutory Authority for consent to rebuild
- ◆ Cost of legal fees incurred in making submissions to Statutory Authorities following loss or damage
- ◆ Cost of repairing storm damage to gates and fences
- ◆ Tsunami damage (ie a tidal wave caused by an earthquake).

#### Special Benefits

The following benefits are automatically included, in addition to the sum insured on the building.

- ◆ Loss of rent (tenanted units), cost of temporary accommodation (owner-occupied units) if a unit is rendered uninhabitable by an insured event, failure of supply services, or an infectious or contagious disease, plus removal and storage of unit owners contents – up to an amount equal to 15% of the building sum insured
- ◆ Cost of emergency accommodation incurred by owner-occupiers if their unit (when occupied for residential purposes) is rendered uninhabitable by an insured event – up to \$600 a unit
- ◆ Reward for an arson conviction – up to \$5,000
- ◆ Cost of replacing Title Deeds that are lost or destroyed – up to \$500
- ◆ Fusion of electric motors – up to 4 kw's
- ◆ Exploratory costs in locating the source of burst pipes
- ◆ Cost of replacing defective parts – up to \$500
- ◆ Cost of removing fallen trees that have caused damage to insured property – up to \$2,000
- ◆ Fire extinguishing costs
- ◆ Cost of replacing landscaping damaged by an insured event – up to \$1,000
- ◆ Maintenance fees that are uncollectible following an insured event – up to \$1,000 a unit
- ◆ Loss of money while in the custody of an office bearer or strata manager – up to \$5,000
- ◆ Loss of or damage to personal property of others while in the Body Corporate's legal control – up to \$5,000
- ◆ Cost of boarding pets if an owner-occupier's unit (when occupied for residential purposes) is damaged by an insured event – up to \$500 a unit
- ◆ Loss of or damage to property in the open air at the situation – up to \$5,000
- ◆ Cost of replacing records lost or damaged by an insured event – up to \$5,000

- ◆ Cost of removal/storage of common area contents necessarily incurred by an insured event – up to \$5,000
- ◆ Cost of re-keying or recoding locks following forcible entry into a unit or building – up to \$1,000
- ◆ Automatic reinstatement of sums insured or policy limits.

#### **How are claims settled?**

Claims are settled on a replacement basis, which means:

- ◆ the building will be rebuilt or repaired to a condition equivalent to but not better nor more extensive than when it was new; and
- ◆ common area contents will, if destroyed, be replaced with items of the same or substantially the same specifications. If damaged, they will be repaired to a condition substantially the same as but not better nor more extensive than when new.

Claim settlements also include provision for:

- ◆ Extra costs to comply with Statutory Authority requirements
- ◆ Compensation for loss of land value if permission to rebuild is refused or if only partial rebuilding is permitted
- ◆ Compensation for the residual value of any abandoned undamaged insured property or foundations
- ◆ Compensation for the loss of floor space
- ◆ Rebuilding on another site.

### **Policy 2 – Legal liability**

#### **What is insured?**

Policy 2 indemnifies the Body Corporate for sums they, as the owner of the building and common area contents, become legally liable to pay for personal injury or property damage arising out of an occurrence that happens at the situation or elsewhere in Australia.

Legislation sets minimum indemnities (generally \$10,000,000) but in view of increasing awards made by the Courts higher indemnities should be considered.

#### **Additional Benefits**

The indemnity automatically includes liability arising out of:

- ◆ Car parks the Body Corporate owns or operates at the situation
- ◆ Sporting and recreational facilities the Body Corporate hires out
- ◆ Recreational activities arranged by the Body Corporate
- ◆ Services the Body Corporate provides to unit owners and occupiers
- ◆ The ownership of watercraft up to 7.5 meters in length
- ◆ The ownership of non-registered vehicles.

### **Special Benefits**

The following benefits are automatically included up to their nominated amount.

- ◆ Legal expenses incurred in appealing against an improvement or prohibition notice brought under any workplace, occupational health, safety or similar legislation – \$100,000
- ◆ Legal defence expenses incurred in defending actions arising out of the conduct of the Body Corporate's business, or where the Body Corporate is joined in litigation with another party – \$20,000. This benefit does not apply if indemnity is otherwise provided under the Legal Liability or Office Bearers Legal Liability Policies.

### **Policy 3 – Voluntary workers**

#### **What is insured?**

Policy 3 provides compensation to a person who sustains bodily injury while voluntarily working (ie without reward or remuneration) on behalf of the Body Corporate. Benefits apply to persons over the age of 12 years.

#### **Benefits**

- ◆ Accidental death – \$100,000
- ◆ Loss of two hands, feet or eyes – \$100,000
- ◆ Loss of one hand, foot or eye – \$50,000
- ◆ Loss of income (if the worker is a wage or salary earner) – up to \$1,000 per week for 104 weeks
- ◆ Cost of domestic assistance – up to \$500 per week for 10 weeks
- ◆ Travel expenses necessarily incurred – up to \$1,000.

### **Policy 4 – Workers compensation**

#### **What is insured?**

Policy 4 indemnifies the Body Corporate for legal liability to their employees under workers compensation legislation applicable to the State or Territory in which the building is situated.

By law we are not permitted to transact workers compensation cover in Queensland, Victoria or South Australia.

### **Policy 5 – Fidelity guarantee**

#### **What is insured?**

Policy 5 provides protection up to \$40,000 against the fraudulent misappropriation of the Body Corporate funds or tangible property.

## Policy 6 – Office bearers legal liability

### What is insured?

Policy 6 provides protection for the Body Corporate's office bearers should they become legally liable to pay compensation for a wrongful act they make while carrying out the functions of their position.

### Special Benefits

The following benefits are automatically included.

- ◆ Cost of defending a claim
- ◆ Provision for any inadvertent late notification of a claim
- ◆ Extension of cover for 30 days after policy expiry date.

## Policy 7 – Machinery breakdown

### What is insured?

This section provides protection against unforeseen damage to electrical, electronic and mechanical machinery and plant other than lifts, elevators and escalators. If cover is required for these excluded items an application must be submitted.

### Special Benefits

The following benefits are automatically included.

- ◆ Cost of expediting repairs
- ◆ Cost of express or air freight
- ◆ Cost of replacing oil or refrigerated gas
- ◆ Cost of hiring a temporary replacement item to maintain a vital common area service.

### How are claims settled?

The damaged item will be replaced or repaired to a condition equal to but not better nor more extensive than its condition immediately before the damage. No deduction is made for depreciation in respect of parts replaced.

## Policy 8 – Building catastrophe

### What is insured?

This section provides cost effective protection against the sudden escalation in rebuilding costs that invariably occurs:

- ◆ due to the happening of a catastrophe (eg an earthquake or cyclone); or
- ◆ other loss that occurs to insured property not more than 60 days thereafter.

### Special Benefits

The benefits shown below are automatically included, up to the percentage stated of the catastrophe sum insured.

- ◆ Extended period of cover for loss of rent and cost of temporary accommodation – 15%
- ◆ Escalation in the cost of temporary accommodation – 5%
- ◆ Cost of removal and storage of undamaged common area or unit owner's contents, plus any cost of compulsory evacuation of owner-occupiers who occupy their unit for residential purposes – 5%.

### How are claims settled?

Claims are settled on the basis of the difference between:

- ◆ the actual cost to replace the building and
- ◆ the greater of either:
  - i the cost to replace the building immediately prior to the happening of the catastrophe, or
  - ii the sum insured on the building under Policy 1.