



# Strata insurance at a glance

## What is strata insurance?

If you own a townhouse, unit, or apartment and you're sharing common space with others, you don't want to be left to foot the bill if there's damage to shared parts of the building or items.

Strata insurance protects the building and common areas or facilities, with the premiums paid for by the owners' corporation.

## Who should consider it?

Strata insurance is compulsory in every state – so if you're part of an owners' corporation in a townhouse, unit, flat, apartment or duplex, the owner's corporation will need strata insurance.

An insurance broker can arrange strata insurance on behalf of the owners' corporation.

"As a [strata] owner, you also have a share of an unlimited liability for anything that goes wrong, which is why strata insurance is compulsory in every state and territory."

**Strata Community Association**

## Did you know?



Strata insurance premiums vary, depending on the level of risk exposure of the area where the building is located.

(Insurance Council of Australia, Strata Owners' Fact Sheet, 2018)

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According to the Insurance Council of Australia, many strata schemes pay around a third of the premiums of an equivalent stand-alone home policy.

(Strata Community Association, Understanding Strata, 2018)

**30.6%**

The number of apartments in Australia is increasing – with a 30.6% rise in apartment approvals predicted in November 2017.

(ABC website, 'Apartment boom continues as development approvals jump', 2018)

## What can it cover?

Strata insurance can cover the building and all common or shared property, and contents which belong to the owners' corporation. The type of cover and its cost will depend on the kind of building, where it's located and the amount of common property you share.

Type of cover	Potential benefits
<b>Compulsory covers</b>	
<b>Building and common contents</b>	Building and common content including equipment, furniture, carpets etc in any common area for which the owners' corporation is responsible. This can include cover for loss of rent or alternative accommodation due to an insured peril.
<b>Public liability</b>	If people are injured on common property.
<b>Optional covers</b>	
<b>Personal accident for voluntary workers</b>	Compensation to any person injured while carrying out voluntary works on behalf of the owners' corporation.
<b>Office bearer's liability</b>	For office bearer's if a claim arising from wrongful acts by the office bearers.
<b>Fidelity guarantee</b>	Loss arising from misappropriation of funds belonging to the owners' corporation.
<b>Mechanical and electrical breakdown</b>	Physical damage to machinery or electrical items caused by breakdown.

### What usually isn't covered?

Exclusions, the excess you need to pay and limits of liability can vary greatly depending on your insurer. Policies generally won't include cover for:

- Asbestos or asbestos derivatives.
- Erosion or earth movement.
- Certain property features such as fencing.
- Contents within apartments.

### CASE STUDY

Ken owned a studio apartment on the fifth floor of an inner-city apartment block. One day the lift broke down because a fire occurred in the fuse box. Fortunately, Ken and the other members of the strata committee had taken out strata insurance, which was managed by an insurance broker. The repairs were carried out and the cost was covered by their policy, which meant that none of the strata members were out of pocket as a result.

### Contact us today



**Newcastle Insurance Group**  
ABN 49 390 936 938 | AFSL 344648  
P 1300 62 80 80  
E [info@newcastleinsurancegroup.com.au](mailto:info@newcastleinsurancegroup.com.au)  
[www.newcastleinsurancegroup.com.au](http://www.newcastleinsurancegroup.com.au)



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