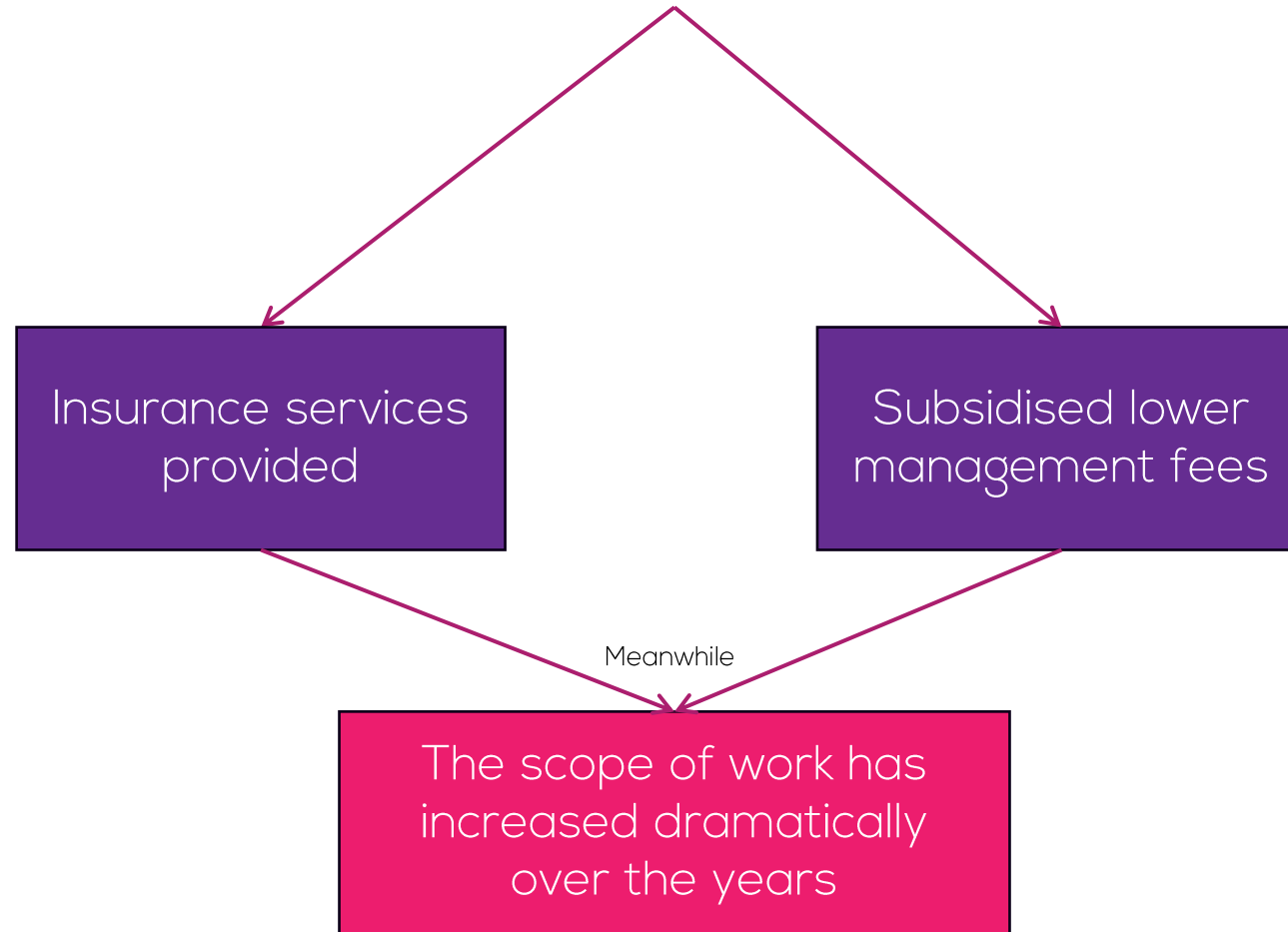


WHY IS THE INSURANCE COMMISSION IN PLACE?



'Liability limited by a scheme approved under Professional Standards Legislation'.

Please note that this presentation is provided for information purposes only and is not a substitute for professional advice.

Table 87: Very frequently or frequently undertaken strata insurance services and average time taken to perform tasks

Ranking order	Category	Sub-category service	Average time taken to perform task
1	1	Finalising insurance payments	< 30 mins
2	1	Making sure that the insurance is current	< 15 mins
3	1	Arranging or renewing insurances	< 60 mins
4	3	Discussing insurance matters at general and committee meetings	< 30 mins
5	1	Ensuring that the insurance policy covers all common property facilities and assets	< 30 mins
6	4	Seeking instructions to obtain a valuation	< 30 mins
7	7	Maintaining insurance documents of the client's records	< 15 mins
8	1	Obtaining quotations for insurance placement	< 60 mins
9	4	Providing a copy of the valuation to the client	< 15 mins
10	1	Seeking instructions to obtain insurance quotations	< 30 mins
11	7	Providing certificates of currency for insurance when request	< 30 mins
12	4	Providing a copy of the valuation to the broker or insurer	< 15 mins
13	5	Lodging routine claims relating to common property	< 30 mins
14	4	Reviewing insurance valuation	< 30 mins
15	7	Maintaining a register of insurance claims	< 30 mins
16	3	Advising clients on their legal duties and obligations relating to strata insurance	< 30 mins
17	4	Preparing a motion regarding engagement of a valuer	< 15 mins
18	5	Receiving and processing the insurer's acceptance or rejection of insurance claims	< 30 mins
19	5	Receiving and forwarding contractor invoices for approved insurance work to broker or insurer	< 30 mins
20	5	Advising or guiding clients regarding whether or not to make a claim	< 30 mins
21	4	Seeking instructions to disclose valuation to broker or insurer	< 15 mins
22	3	Disclosing to insurer any material information impacting policies	< 30 mins
23	4	Liaising with valuer regarding valuation requirements	< 30 mins
24	5	Receiving and receipting payments from insurer and paying contractors	< 30 mins
25	5	Forwarding contractor quotations and queries to brokers or insurers	< 30 mins
26	5	Liaising with contractors to obtain quotations for proposed insurance repair work	< 60 mins
27	5	Engaging in ongoing claim management	< 60 mins
28	5	Assessing lot owner enquiries about policy coverage for loss or damage	< 30 mins
29	7	Making insurance documents available for interested parties to inspect	< 30 mins
30	3	Advising clients on their strata insurance requirements	< 30 mins
31	5	Instructing contractors to undertake approved insurance work following acceptance of insurance claim	< 30 mins
32	4	Organising strata scheme access for valuer	< 30 mins

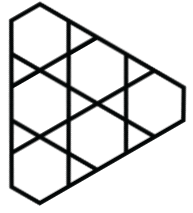
Table 88: Very frequently to occasionally undertaken strata insurance services and average time to perform tasks

Ranking order	Category	Sub-category service	Average time taken to perform task
33	5	Lodging routine claims relating to private property	< 30 mins
34	3	Referring clients to an advisor for personal advice	< 30 mins
35	3	Advising clients on additional strata insurance policies	< 30 mins
36	5	Liaising with loss adjustors	< 60 mins
37	5	Lodging complex / major claims	<1 day
38	5	Undertaking activities involved in loss mitigation	<60 mins
39	6	Engaging in protracted insurance renewal negotiations with broker or insurer	<30 mins

Insurance Service Categories	Sub-categories
Insurance advice services	<ul style="list-style-type: none"> Advising (generally or personally) on insurances Referring the client to an adviser for personal advice if manager is not authorised to give personal advice Providing certificates of currency for insurance when requested Providing any other insurance services in respect of insurance products offered through the authorised insurers and insurance brokers as listed in the management contract Providing annual insurance commission disclosure to the client
Insurer negotiation and liaison services	<ul style="list-style-type: none"> Making contest representations to the insurer if insurance claim is declined Engaging in protracted insurance renewal negotiations with the insurer / broker Supplying client relevant disclosure information to insurers when there is a non-property claim such as an action by member against the client Providing documents required for non-property insurance claims (e.g. public liability, legal defence claims) against the client where the insurer provides indemnity for legal costs Liaising with legal practitioners for non-property insurance claims (e.g. public liability insurance claims and legal defence claims)
Insurance finance service	<ul style="list-style-type: none"> Arranging insurance premium finance (loan /funding) if required

Table 86: Strata insurance-related services identified in management agreements – categories and subcategories


Insurance Service Categories	Sub-categories
Quotation, procurement, placement and renewal services	<ul style="list-style-type: none"> Obtaining or arranging quotations; Arranging or renewing insurance; Ensuring insurance is current; and Seeking client instructions for the placement / renewal of insurance. Paying insurance premiums on behalf of the client.
Insurance valuation services	<ul style="list-style-type: none"> Obtaining insurance valuation for building reinstatement; and Distributing a copy of the valuation to lot owners.
Insurance claim services	<ul style="list-style-type: none"> Lodging claims <ul style="list-style-type: none"> Common property Private lot property Routine Non-routine Complex / major Engaging in ongoing insurance claim management Undertaking general activities involved with minimisation of loss Liaising with loss adjustors Undertaking administrative work involved when insurance brokers/agents that are not the manager's preferred broker Forwarding contractor quotations to insurer or insurance broker directly Receiving and processing the insurer's acceptance or declination of insurance claim Instructing contractors to undertake approved indemnified works following acceptance of insurance claim Receiving and forwarding contractor invoices for approved indemnified works to insurer/broker for payment or reimbursement as appropriate Receiving and receipting indemnification payment from insurer and paying contractors Providing any other insurance services in respect of insurance products offered through the authorised insurers and insurance brokers as listed in the management contract
Insurance record keeping services	<ul style="list-style-type: none"> Maintaining the client's insurance records Maintaining a register of insurance claims Verifying insurer/broker credentials (registration, licences, insurance ABN)

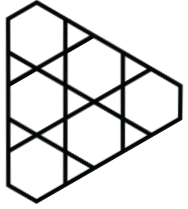


IMPACT OF BANNING INSURANCE COMMISSIONS

Financial Strain on Consumers and Ineffectiveness in Reducing Prices

- ❖ **Increased Costs:** Strata managers will need to **raise fees**, directly impacting consumers.
- ❖ **Broker Commissions Unaffected:** Brokers will retain their commissions. Premiums will **remain unchanged** despite the ban.
- ❖ **Risk of steering consumers** toward the lowest fees offered **by poor-quality** operators.

 The government needs to consider how banning insurance commissions will **reduce the portion of commissions** that brokers initially shared with strata managers.



WHETHER OR NOT A BAN IS IMPLEMENTED, A CALL TO REFORM THE PRICING MODEL REMAINS ESSENTIAL.

Revenue Pressure

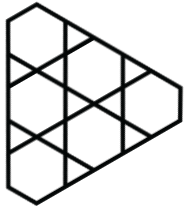
❖ **Jeopardising Viability:** Eliminating commissions without alternative revenue streams could **render businesses unsustainable**, as service fees alone become insufficient without fair compensation for the expanded scope of work.



Flexible Fee Structures: Allow consumers to **choose** between higher management fees with no commission or **lower fees with a commission**.



Consumer choice



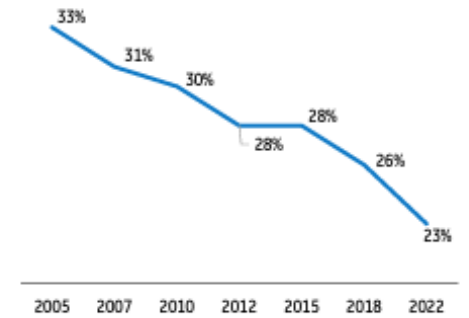
INCREASED SCOPE OF WORK VERSUS BUSINESS SUSTAINABILITY

- ▶ Since 2018, revenue growth per lot is about 1% per year, which is **below inflation rates**
- ▶ Rising staff and operating costs are eating into profits. *(2024 Macquarie Report).*

Average revenue per lot



Average profit margin



Revenue per lot has not even doubled over a 17-year period.

Meanwhile far greater scope



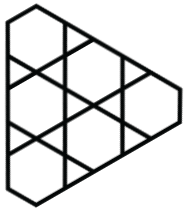
Increased scope of
Services



Legislation
changes



Bigger and more
complex schemes



ADVOCATING FOR A REVISED MODEL



**Fees must match
the level of service**



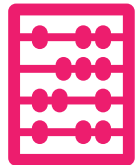
Size of portfolio



**Limited delegated
function around conflicts**



Transparency



**Capped Fees
and revisited Commission Calculations**

YOUR CAR GETS THE CARE IT DESERVES— SHOULDN'T YOUR HOME?

Australians spend over \$300 monthly,
(\$3600 PA) on car servicing and insurance.

While an average car asset is approximately \$40K and a property asset is average of \$500K, investing in the right Strata Manager for the right professional fee is money well spent

