

### WHY IS THE INSURANCE COMMISSION IN PLACE?

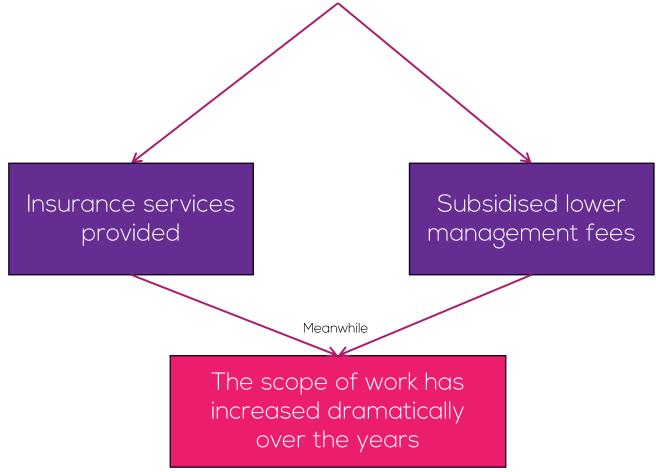




Table 87: Very frequently or frequently undertaken strata insurance services and average time taken to perform tasks

1 1 Finalising insurance payments	Ranking	Category	Sub-category service	Average time
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   < 30 mins   meetings   1   Ensuring that the insurance policy covers all common   < 30 mins   meetings   1   Ensuring that the insurance policy covers all common   < 30 mins   meetings   1   Ensuring that the insurance policy covers all common   < 30 mins   meetings   1   Ensuring that the insurance policy covers all common   < 30 mins   1   Covers   1		3,	<b></b>	taken to perform
1 Making sure that the insurance is current < 15 mins   1 Arranging or renewing insurances < 60 mins   1 Discussing insurance matters at general and committee   3 mins   3 Discussing insurance matters at general and committee   30 mins   3 meetings   5				
1 Arranging or renewing insurances	_	-		
3		-		
Tensuring that the insurance policy covers all common property facilities and assets				
property facilities and assets  4 Seeking instructions to obtain a valuation  7 Maintaining insurance documents of the client's records  8 1 Obtaining quotations for insurance placement  9 4 Providing a copy of the valuation to the client  10 1 Seeking instructions to obtain insurance quotations  7 Providing certificates of currency for insurance when request  11 Providing a copy of the valuation to the broker or insurer  12 4 Providing a copy of the valuation to the broker or insurer  13 5 Lodging routine claims relating to common property  14 A Reviewing insurance valuation  15 T Maintaining a register of insurance claims  16 3 Advising clients on their legal duties and obligations relating to strata insurance  17 4 Preparing a motion regarding engagement of a valuer  18 5 Receiving and processing the insurer's acceptance or rejection of insurance claims  19 5 Receiving and forwarding contractor invoices for approved insurance work to broker or insurer  20 5 Advising or guiding clients regarding whether or not to approved insurance work to broker or insurer  21 4 Seeking instructions to disclose valuation to broker or insurer  22 3 Disclosing to insurer any material information impacting policies  23 4 Liaising with valuer regarding valuation requirements  24 Seeking contractors  25 5 Forwarding contractor quotations and queries to spaying contractors  26 5 Liaising with contractors to obtain quotations for proposed insurance repair work  27 5 Engaging in ongoing claim management  28 6 Assessing lot owner enquiries about policy coverage for loss or damage  29 7 Making insurance documents available for interested and insurance work following acceptance of insurance claim insurance claim insurance doil insurance contractor of insurance requirements  29 1 Making insurance of couments available for interested insurance claim insurance contractor of undertake approved insurance contractor of undertake approved insurance work following acceptance of insurance claim insurance claim insurance claim insurance contract	4	3	meetings	
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Providing a copy of the valuation to the client   15 mins	-	7		
10 Seeking instructions to obtain insurance quotations	-	_	Obtaining quotations for insurance placement	
11   7	-	_ ·	Providing a copy of the valuation to the client	
request  4 Providing a copy of the valuation to the broker or insurer  5 Lodging routine claims relating to common property  4 Reviewing insurance valuation  7 Maintaining a register of insurance claims  8 Advising clients on their legal duties and obligations relating to strata insurance  17 Preparing a motion regarding engagement of a valuer  18 Feceiving and processing the insurer's acceptance or rejection of insurance claims  19 Receiving and forwarding contractor invoices for approved insurance work to broker or insurer  20 Federal insurance work to broker or insurer  21 Federal insurer work to broker or insurer  22 Seeking instructions to disclose valuation to broker or insurer  23 Disclosing to insurer any material information impacting policies  24 Liaising with valuer regarding valuation requirements < 30 mins paying contractors  25 Forwarding contractor quotations and queries to < 30 mins brokers or insurers  26 Forwarding contractor quotations and queries to < 30 mins paying contractors  27 Forwarding contractors to obtain quotations for proposed insurance repair work  28 Sessing lot owner enquiries about policy coverage for loss or damage  29 Making insurance documents available for interested < 30 mins parties to inspect  30 Advising clients on their strata insurance requirements < 30 mins  5 Instructing contractors to undertake approved insurance claim	10			
13	11	7	request	< 30 mins
14 Reviewing insurance valuation	12	4		< 15 mins
7	13	5	Lodging routine claims relating to common property	
16 3 Advising clients on their legal duties and obligations relating to strata insurance 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 19 5 Receiving and forwarding contractor invoices for approved insurance work to broker or insurer 20 5 Advising or guiding clients regarding whether or not to make a claim Seeking instructions to disclose valuation to broker or insurer 21 4 Seeking instructions to disclose valuation to broker or sinsurer 22 3 Disclosing to insurer any material information impacting collicies 23 4 Liaising with valuer regarding valuation requirements < 30 mins policies 24 5 Receiving and receipting payments from insurer and paying contractors 25 5 Forwarding contractor quotations and queries to < 30 mins brokers or insurers 26 5 Liaising with contractors to obtain quotations for < 60 mins proposed insurance repair work 27 5 Engaging in ongoing claim management < 60 mins 28 5 Assessing lot owner enquiries about policy coverage for loss or damage 29 7 Making insurance documents available for interested < 30 mins parties to inspect 30 3 Advising clients on their strata insurance requirements < 30 mins 5 Instructing contractors to undertake approved insurance work following acceptance of insurance claim	14	4		< 30 mins
relating to strata insurance  4 Preparing a motion regarding engagement of a valuer  5 Receiving and processing the insurer's acceptance or rejection of insurance claims  7 Receiving and forwarding contractor invoices for approved insurance work to broker or insurer  8 Advising or guiding clients regarding whether or not to approved insurance work to broker or insurer  9 Advising or guiding clients regarding whether or not to approved insurer and approved insurance work to broker or insurer  9 Advising or guiding clients regarding whether or not to approved insurer and approved insurer any material information impacting applicies  9 Advising to insurer any material information impacting applicies  10 Advising and receipting payments from insurer and apaying contractors  11 Advising and receipting payments from insurer and apaying contractors  12 Acceptance of insurers  13 Engaging in ongoing claim management  14 Acceptance of insurers  15 Assessing lot owner enquiries about policy coverage for aparties to inspect  16 Advising clients on their strata insurance requirements  17 Making insurance documents available for interested approved and insurance work following acceptance of insurance claim  18 Advising contractors to undertake approved and insurance work following acceptance of insurance claim	15	7		< 30 mins
18	16	3	relating to strata insurance	< 30 mins
rejection of insurance claims  Receiving and forwarding contractor invoices for approved insurance work to broker or insurer  Advising or guiding clients regarding whether or not to make a claim  Seeking instructions to disclose valuation to broker or insurer  Disclosing to insurer any material information impacting solicies  Liaising with valuer regarding valuation requirements solutions and receipting payments from insurer and solutions paying contractors  Receiving and receipting payments from insurer and solutions or insurers for insurers and solutions or insurers solutions or insurers solutions and queries to solutions or insurers solutions or insurers solutions and queries to solutions for proposed insurance repair work  Engaging in ongoing claim management solutions or damage  Making insurance documents available for interested solutions parties to inspect  Advising clients on their strata insurance requirements solutions insurance claim insurance work following acceptance of insurance claim	17	4	Preparing a motion regarding engagement of a valuer	< 15 mins
approved insurance work to broker or insurer  Advising or guiding clients regarding whether or not to make a claim  Seeking instructions to disclose valuation to broker or insurer  Disclosing to insurer any material information impacting policies  Liaising with valuer regarding valuation requirements < 30 mins paying contractors  Forwarding contractor quotations and queries to < 30 mins brokers or insurers  Liaising with contractors to obtain quotations for proposed insurance repair work  Engaging in ongoing claim management < 60 mins loss or damage  Making insurance documents available for interested parties to inspect  Advising clients on their strata insurance requirements < 30 mins insurance claim  Instructing contractors to undertake approved claim insurance claim	18	5		< 30 mins
20	19	5		< 30 mins
4 Seeking instructions to disclose valuation to broker or insurer 3 Disclosing to insurer any material information impacting policies 4 Liaising with valuer regarding valuation requirements < 30 mins 5 Receiving and receipting payments from insurer and paying contractors 5 Forwarding contractor quotations and queries to < 30 mins 5 brokers or insurers 6 Liaising with contractors to obtain quotations for proposed insurance repair work 7 Engaging in ongoing claim management < 60 mins 8 Assessing lot owner enquiries about policy coverage for loss or damage 9 Making insurance documents available for interested < 30 mins 9 parties to inspect < 30 mins 10 Advising clients on their strata insurance requirements < 30 mins 10 Instructing contractors to undertake approved < 30 mins 10 insurance work following acceptance of insurance claim	20	5		< 30 mins
policies  4 Liaising with valuer regarding valuation requirements < 30 mins  5 Receiving and receipting payments from insurer and common paying contractors  5 Forwarding contractor quotations and queries to common brokers or insurers  6 Liaising with contractors to obtain quotations for proposed insurance repair work  7 Engaging in ongoing claim management common common loss or damage  7 Making insurance documents available for interested parties to inspect  8 Advising clients on their strata insurance requirements common sinsurance work following acceptance of insurance claim	21	4	Seeking instructions to disclose valuation to broker or	< 15 mins
4 Liaising with valuer regarding valuation requirements < 30 mins 5 Receiving and receipting payments from insurer and paying contractors 5 Forwarding contractor quotations and queries to < 30 mins 5 brokers or insurers 6 Liaising with contractors to obtain quotations for proposed insurance repair work 7 Engaging in ongoing claim management < 60 mins 8 Assessing lot owner enquiries about policy coverage for loss or damage 7 Making insurance documents available for interested < 30 mins 7 Making clients on their strata insurance requirements < 30 mins 8 Instructing contractors to undertake approved < 30 mins insurance work following acceptance of insurance claim	22	3	3	< 30 mins
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5 Forwarding contractor quotations and queries to < 30 mins brokers or insurers 5 Liaising with contractors to obtain quotations for yeroposed insurance repair work 5 Engaging in ongoing claim management < 60 mins 60 mins 7 Assessing lot owner enquiries about policy coverage for loss or damage 7 Making insurance documents available for interested < 30 mins parties to inspect 8 Advising clients on their strata insurance requirements < 30 mins 9 Instructing contractors to undertake approved < 30 mins insurance work following acceptance of insurance claim	24	5	Receiving and receipting payments from insurer and	< 30 mins
proposed insurance repair work  Engaging in ongoing claim management < 60 mins  Assessing lot owner enquiries about policy coverage for loss or damage  Making insurance documents available for interested < 30 mins parties to inspect  Advising clients on their strata insurance requirements < 30 mins  Instructing contractors to undertake approved < 30 mins insurance work following acceptance of insurance claim	25	5	Forwarding contractor quotations and queries to brokers or insurers	< 30 mins
28 5 Assessing lot owner enquiries about policy coverage for loss or damage 29 7 Making insurance documents available for interested < 30 mins parties to inspect 30 3 Advising clients on their strata insurance requirements < 30 mins 5 Instructing contractors to undertake approved < 30 mins insurance work following acceptance of insurance claim	26	5	proposed insurance repair work	< 60 mins
loss or damage 7 Making insurance documents available for interested < 30 mins parties to inspect 30 3 Advising clients on their strata insurance requirements < 30 mins 5 Instructing contractors to undertake approved < 30 mins insurance work following acceptance of insurance claim	27	5		< 60 mins
parties to inspect 3 Advising clients on their strata insurance requirements < 30 mins 5 Instructing contractors to undertake approved < 30 mins insurance work following acceptance of insurance claim	28	5	loss or damage	< 30 mins
31 5 Instructing contractors to undertake approved < 30 mins insurance work following acceptance of insurance claim	29	7		< 30 mins
insurance work following acceptance of insurance claim	30	3	Advising clients on their strata insurance requirements	< 30 mins
32 4 Organising strata scheme access for valuer < 30 mins	31	5	3	< 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 Sub-categories
Insurance advice services	<ul> <li>Advising (generally or personally) on insurances</li> <li>Referring the client to an adviser for personal advice if manager is not authorised to give personal advice</li> <li>Providing certificates of currency for insurance when requested</li> <li>Providing any other insurance services in respect of insurance products offered through the authorised insurers and insurance brokers as listed in the management contract</li> <li>Providing annual insurance commission disclosure to the client</li> </ul>
Insurer negotiation and liaison services	<ul> <li>Making contest representations to the insurer if insurance claim is declined</li> <li>Engaging in protracted insurance renewal negotiations with the insurer / broker</li> <li>Supplying client relevant disclosure information to insurers when there is a non-property claim such as an action by member against the client</li> <li>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</li> <li>Liaising with legal practitioners for non-property insurance claims (e.g. public liability insurance claims and legal defence claims)</li> </ul>
Insurance finance service	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,	<ul> <li>Obtaining or arranging quotations;</li> </ul>
procurement, placement and	<ul> <li>Arranging or renewing insurance;</li> </ul>
renewal	<ul> <li>Ensuring insurance is current; and</li> <li>Seeking client instructions for the placement / renewal of insurance.</li> </ul>
services	Seeking client insulations for the placement / renewal or insurance.     Paying insurance premiums on behalf of the client.
	, ,
Insurance	<ul> <li>Obtaining insurance valuation for building reinstatement; and</li> </ul>
valuation services	<ul> <li>Distributing a copy of the valuation to lot owners.</li> </ul>
services	
Insurance	Lodging claims
claim services	- Common property
	- Private lot property
	- Routine - Non-routine
	- Non-routine - Complex / major
	Ediglies / Tileglie     Engaging in ongoing insurance claim management
	Undertaking general activities involved with minimisation of loss
	Liaising with loss adjustors
	<ul> <li>Undertaking administrative work involved when insurance brokers/agents that are not the manager's preferred broker</li> </ul>
	<ul> <li>Forwarding contractor quotations to insurer or insurance broker directly</li> </ul>
	<ul> <li>Receiving and processing the insurer's acceptance or declinature of insurance claim</li> </ul>
	<ul> <li>Instructing contractors to undertake approved indemnified works following acceptance of insurance claim</li> </ul>
	<ul> <li>Receiving and forwarding contractor invoices for approved indemnified works to insurer/ broker for payment or reimbursement as appropriate</li> </ul>
	Receiving and receipting indemnification payment from insurer and paying contractors
	<ul> <li>Providing any other insurance services in respect of insurance products offered through the authorised insurers and insurance brokers as listed in the management contract</li> </ul>
Insurance	Maintaining the client's insurance records
record keeping	<ul> <li>Maintaining a register of insurance claims</li> </ul>
services	<ul> <li>Verifying insurer/broker credentials (registration, licences, insurance ABN)</li> </ul>

Deakin Strata Insurance Report 2021





## 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.

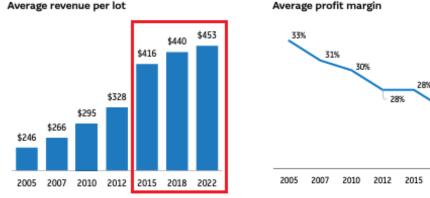
Consumer choice





## INCREASED SCOPE OF WORK VERSUS BUSINESS SUSTAINABILITY

- Since 2018, revenue growth per lot is about1% per year, which is below inflation rates



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





Limited delegated function around conflicts





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

