

# strata update

 Winter Edition 2010

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## › Office Bearers – Notification of Claims

Office Bearers Insurance provides committee members with protection against losses arising from their wrongful acts committed in the course of carrying out their duties as a committee member.

The policy coverage for Office Bearers Insurance is issued on a “claims made” basis as distinct from the other sections of the Strata Policy that are issued on an “Occurrence” basis i.e. Building and Public Liability.

“Claims made” basis means that this section of the policy covers claims that are made against the committee member during the policy year and notified to the insurer during that same policy year – i.e. to be entitled to claim on your policy you must notify the insurer of any claim in the same period of insurance as when the claim is first made against the committee member.

The “Occurrence” basis means the policy covers claims that occur during the policy year regardless of when the claim is reported to the insurer – i.e. a broken window may have occurred 2 years ago in a previous policy period. The insured can still lodge the claim in a subsequent policy year to the insurer who held the insurance when the broken window occurred.

The key distinction between the “claims made” based wording and the “Occurrence” wording is that under the “claims made” wording the insurer will not accept claims notified in future periods of insurance where the notification of that claim should have been lodged in a previous period.

If a committee member is subjected to a claim or aware of a circumstance that may result in a claim from a third party then they **MUST** ensure they notify their insurer immediately. Waiting to notify of the claim may result in lodgement in a subsequent policy period and the claim will not be accepted.

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## ➤ Office Bearers – Notification of Claims

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To overcome this limitation some Insurers, Strata Unit Underwriters included, provide an extension of cover known as “Continuous Cover”. Generally a policy with this extension results in the insurer accepting the notification of a claim that should have been notified to them in a previous policy period, provided they have continuously been the insurer since the time the claim should have been notified, i.e since the time the committee member received the claim from the third party. As per EG.2 on the table below you only get the benefit of the continuous cover if you are continuously insured with the same insurer from the time when the claim is originally made against the committee member and up until the time the claim is notified to the insurer.

Therefore, when changing from one insurer to another, it is critical to ensure that any claims or circumstances that may result in a claim against the committee members have been disclosed to the current insurer as the new insurer will not accept claims that the committee member already had knowledge of. In addition, the old insurer will not accept notification of claims that should have been notified in a previous policy period. This can result in the committee members being uninsured.

So our key message is to stress the importance of notifying insurers immediately upon receipt of a claim or a circumstance that could result in a claim.

We appreciate that this topic can be somewhat daunting and confusing and if you would like any further explanation or information on this matter please contact your SUU Business Development Manager.

### ➤ 1800 SUU HELP

Strata Unit Underwriters has recently upgraded it’s after hours emergency number. In the unfortunate event you need to contact us outside of normal working hours you can call 1800 SUU HELP (1800 788 435).

Unlike many after hours emergency numbers you will be transferred to an SUU employee who can assist you 24/7. We can put you in touch with repairers and arrange assessors immediately in an attempt to minimise the impact of damage.

It’s just another way that the team at SUU strive to deliver the very best in customer service.

Illustration in the table below:

Insurer	ABC Insurance	ABC Insurance	XYZ Insurance	Claim Accepted (subject to policy terms, conditions & exclusions)
Period of Insurance	May 07 – May 08	May 08 – May 09	May 09 – May 10	
EG.1	Claim made against Committee Member & Claim notified to Insurer i.e. in the same period of insurance (claims made basis)			<b>Yes</b>
EG.2	Claim made against Committee Member (but not notified to the Insurer in this period)	Claim notified to Insurer		<b>Yes</b> – claim accepted if policy includes continuous cover provision
EG.3	Claim made against Committee Member (but not notified to the Insurer in this period)		Claim notified to Insurer	<b>No</b> – as the claim should have been notified to ABC insurance. XYZ Insurance will not accept claims that should have been notified in a previous policy period.



## ➤ Premiums under Pressure

Unfortunately Australia, together with the rest of the world, has been subjected to an increased number of weather-related catastrophes in recent years. A relatively benign period for severe weather-related events in Australia between 2000 and 2005 has been followed by a string of events as illustrated in the below chart.

In addition there has been inflationary pressure on day-to-day claims with increases in claims costs in excess of 30% in the last 3–5 years. During this time premiums have remained fairly stable and in some circumstances decreased.

The combined result of the catastrophes, the inflationary pressures on day-to-day claims and the emerging increases in re-insurance costs have begun to have an effect on insurance premiums.

Insurance premiums cannot be sustained at current levels if insurers are to remain viable in the long term. SUU embrace a robust pricing model and risk selection process to minimise fluctuations in yearly insurance premiums, however underlying costs outside of our control do eventually result in premium increases.

When assessing your next renewal offering we encourage you to discuss any price increase concerns with your SUU Business Development Manager and to remember that not all policies are the same.

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Sydney Hail							Far North QLD Cyclone Larry	Brisbane Storms	Mackay Storms	Victoria Bushfire	Melbourne Hail Perth Hail

## ➤ CTIQ Conference Wrap Up



Picture: Kaylee Storie and Lindsay Cherry

Strata Unit Underwriters were proud to once again participate as Gold sponsors of the recent CTIQ Annual Conference "Dare to Dream" at the Novotel, Palm Cove.

The team of Lindsay Cherry, QLD Business Development Manager, Scot France, Senior Underwriter – QLD, Kaylee Storie, Claims Manager, and Brad Robson, National Manager, enjoyed the event.

We would like to thank our many supporters who dropped by our trade exhibition stand to say hello. The positive feedback we received on our recently launched eQuote was overwhelming. We are proud that this easy to use system is making the everyday lives of Strata Managers just that little bit easier!



## ➤ Congratulations

Congratulations to Colin Goff, Business Development Manager, who celebrates his 10th year with Strata Unit Underwriters. Colin has been associated with the strata industry for nearly 30 years and is a respected expert on all strata insurance matters.

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## ? Did you know...

"14.2% of all  
Australians live  
in units."

### eQuote

Since the launch of our upgraded eQuote in October 2009 over 84% of our customers have taken advantage of the speed and ease of eQuote.

Some of the enhanced features include real time quotations and the ability to access the history of your quotes.

If you're not currently a registered user of eQuote and would like to experience the advantages it will bring to your business, simply phone **1300 668 066** and ask to speak with our eQuote administrator.

### ▶ SUU Supports Charities

Once a month the staff at SUU hold a social event to raise money for charity.

Not that the staff at SUU ever need a reason to get together for a social event but when it's to raise money for a good cause it makes it even better.

Charities supported so far are:



This newsletter is prepared for the benefit of our clients. It is not designed as a substitute for legal or financial advice, and is not intended to be a definitive analysis of insurance products, services or issues. Professional advice should be sought before any course of action is pursued.