

Body corporate and insurance

CONSUMER COLUMN

Housing affordability has made the unit and townhouse market increasing popular with first home buyers. But while community living presents an affordable opportunity for people to own their home, it also brings a unique set of circumstances.

The body corporate for a community titles scheme is composed of all the owners in the scheme. Every new owner automatically becomes a member of the body corporate.

One of the responsibilities of the body corporate every year is to review each of its insurance policies at the Annual General Meeting.

Under the *Body Corporate and Community Management Act 1997* and the *Body Corporate and Community Management (Standard Module) Regulation 2008*, the body corporate must insure common property and body corporate assets, as well as buildings in which lots are located.

“The type of survey plan registered for the community titles scheme affects the body corporate’s responsibility to insure a building,” REIQ managing director Dan Molloy said.

“An example of a Building Format Plan, formerly a Building Units Plan, is a multi-storey block of residential units. The regulations for this type of plan require insurance for the full replacement value of each building which contains a lot.

“An example of a Standard Format Plan, formerly a Group Titles Plan, is a townhouse complex. The regulations for this type of plan require insurance for each building to its full replacement value where a building on one lot has a common wall with a building on an adjoining lot.”

Under the legislation, a building includes improvements and fixtures (excluding carpet) but does not include:

- Temporary wall, floor and ceiling coverings
- Removable fixtures
- Mobile or fixed air conditioning units serving a particular lot
- Curtains, blinds or other internal coverings
- Mobile dishwashers, clothes dryers or other electrical or gas appliances not wired or plumbed in

If the body corporate is required to insure one or more buildings, it must obtain an independent valuation for full replacement value of the building or buildings at least every five years.



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Mr Molloy said the body corporate must insure the common property, such as pools or fences, and the body corporate assets, such as plant and equipment, to full replacement value.

“The body corporate must also take out public risk insurance over the common property and for assets which it is practical to have public risk insurance. The public risk insurance must be to the value of \$10 million for a single event.”

In the notice of the Annual General Meeting, the body corporate must also disclose information about each policy of insurance to lot owners including:

- The name of the insurer
- The amount of cover under the policy
- A summary of the type of cover under the policy
- The amount of the premium
- The date the cover expires

More information is available from The Office of the Commissioner for Body Corporate and Community Management’s website www.justice.qld.gov.au/bccm

For a list of REIQ accredited agencies in your local area visit www.reiq.com.au or phone 07 3249 7347.

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