

Office of the Commissioner for Body Corporate and Community Management

Practice Direction 28**Application for alternative insurance**

This Practice Direction is issued pursuant to section 233 of the *Body Corporate and Community Management Act 1997*. Its purpose is to provide information on the requirements for applications for authorisation of alternative insurance. Nothing in this Practice Direction supersedes or overrides the requirements of the legislation. The Commissioner retains the discretion to make decisions about the case management of individual applications as provided under Chapter 6 of the Act.

1. The legislation sets out the requirements for bodies corporate to obtain insurance (required insurance).
2. To approve alternative insurance an adjudicator must be satisfied that the required level of insurance cannot be obtained.
3. An adjudicator's decision to approve alternative insurance is not a determination that the alternative insurance is adequate or appropriate.
4. The fact that the required level of insurance coverage is expensive does not of itself mean the body corporate cannot obtain insurance.
5. A proposal by a body corporate to self-insure will not be approved as alternative insurance.
6. Approval will only apply for the policy and period detailed in the application and will not apply if the approved policy is changed or renewed, unless otherwise ordered.
7. A body corporate seeking approval of alternative insurance must provide:
 - a. a completed [Alternative insurance application form \[BCCM Form 24\]](#)
 - b. evidence of payment of the prescribed application fee
 - c. a committee resolution authorising lodgement of the application
 - d. the proposed alternative insurance policy
 - e. evidence of the full replacement value of the scheme buildings in which a lot is located, such as an independent valuation stating the full replacement value of the building or buildings
 - f. evidence of attempts to obtain the required level of insurance, and
 - g. if the alternative insurance proposal has been considered by owners in a general meeting or otherwise, minutes of the general meeting or owners' written responses.
8. The grounds supporting the application must, where relevant, and to the best of the applicant's ability, explain or detail:
 - a. any reasons insurers have given for declining to offer the required insurance, and any steps the body corporate has taken, could take, or has decided not to take, to address such reasons
 - b. how the proposed alternative insurance differs from the required level of insurance,



- c. attempts made to obtain the required level of insurance,
- d. details of other insurance available or considered by the body corporate
- e. if required insurance has been offered but its cost or some other aspect is unacceptable, why is it reasonable not to accept that offer
- f. whether the proposed alternative insurance has been submitted to a general meeting as a motion for approval (ordinary resolution) or otherwise in writing to owners for their agreement, and if so, the outcome
- g. if the alternative insurance proposal was defeated at a general meeting or otherwise declined by owners, why the proposed alternative insurance should be authorised by the adjudicator despite owners' disapproval, and
- h. any other relevant considerations.

COMMISSIONER FOR BODY CORPORATE AND COMMUNITY MANAGEMENT

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