

Office of the Commissioner for Body Corporate and Community Management

Insurance obligations

Bodies corporate in Queensland have many responsibilities when it comes to insurance. There are three main types of insurance that a body corporate needs to hold:

- public risk insurance
- insurance for any assets the body corporate owns, and
- building insurance for buildings
 - that have been subdivided by a building format plan
 - that have been subdivided by a standard format and contain a wall that is shared by two or more lots.

Note: A building format plan is a form of subdivision that usually applies to multi-story unit complexes, whereas a standard format plan usually applies to low-rise developments. There are exceptions to both of these cases, so you should check your plan to see whether or not your body corporate is required to insure your building.

Public risk insurance

The body corporate must have public risk insurance for:

- the common property
- body corporate assets for which it is practical to have public risk insurance (e.g. gym equipment or pool furniture).

Public risk insurance must cover amounts the body corporate could be liable to pay for:

- compensation for death, illness, or injury
- damage to property.

The policy must be for at least \$10 million for a single event, and at least \$10 million in a single period of insurance.

Types of damage covered

A body corporate must insure against damage from:

- earthquake, explosion, fire, lightning, storm, tempest and water damage
- glass breakage
- damage from impact, malicious act and riot.

A body corporate can vote to take out flood insurance in addition to what is required by the legislation.



Level of cover

Where a body corporate insures items, they must be insured for 'full replacement value', which means for the cost of returning the items to an as-new condition. The insurance policy must therefore cover damage, and any other costs related to reinstating or replacing the insured items (e.g. professional fees, cleaning costs, or removing contaminated debris).

Building

A 'building' includes any improvements made to the building and fixtures added to the building. It does not include:

- a temporary wall, floor or ceiling covering, or carpet
- fixtures that can be removed by a lessee or tenant at the end of a lease or tenancy
- mobile or fixed air conditioning units for a particular lot
- curtains, blinds, or other internal window coverings
- mobile dishwashers, clothes dryers, or other electrical or gas appliances that are not wired or plumbed-in.

Insurance valuation

If the body corporate has a responsibility to insure buildings they must have an independent valuation of those buildings done at least every 5 years. The amount that each owner pays toward the costs of the valuation is proportionate to the amount they pay towards the body corporate insurance premium. As this is a regular expense, the money is collected each year as a part of the owner's contributions and paid from the body corporate's administrative fund.

Insurance information

At the annual general meeting the body corporate must give owners information about its insurance policies and any valuations that have been done.

Insurance details, include the:

- name of the insurer
- amount of cover
- type of cover (a summary)
- amount of the premium
- date the cover expires

Insurance valuation details include the:

- date of the valuation
- determined full replacement value of the buildings

Owner responsibilities

The lot owner is responsible for insuring their own lot if it does not need to be insured by the body corporate. However, the body corporate can take insurance out on behalf of owners under a shared insurance scheme.

Owners are responsible for insuring their own contents.

Body corporate manager responsibilities

It is quite common for body corporate managers to organise insurance on behalf of a body corporate. Where they do this, and receive a commission from an insurance company or broker for doing so, they must give written notice to the body corporate of their commission before the body corporate takes out the insurance.