



viewpoint

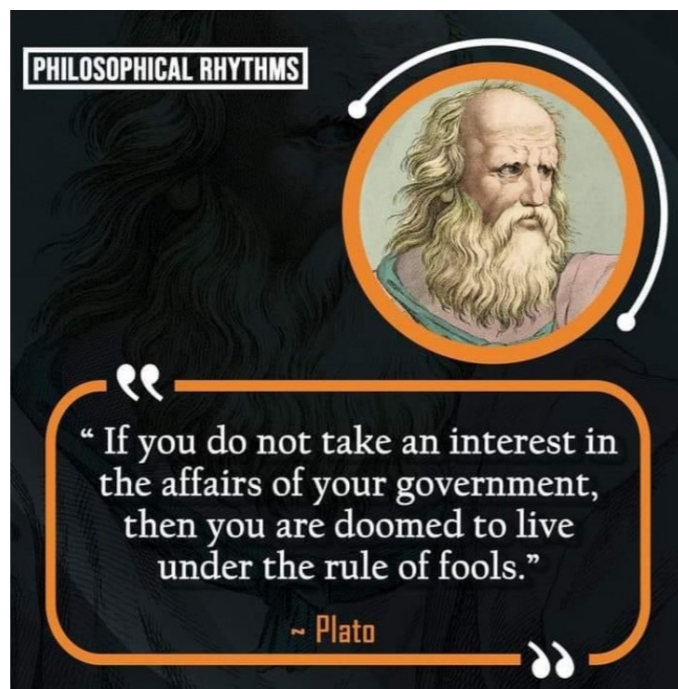
PARTICIPATE OR SUFFER

Plato was a Greek philosopher born in Athens during the Classical period in Ancient Greece.

Plato's most famous work is the Republic, which details a wise society run by a philosopher.

His quote below reminded me of the challenge we have with many of the groups we manage... owners fail to attend meetings.

The risk for owners is that the important decisions of their group are made by a very small number of owners who are making decisions in their own interests not for the greater benefit of the group.



Your unit or lot is a large & serious investment. I urge you to take an interest and turn up to your group's meetings.

Cheers
[Signature]

Gordon Russell

ps: Do you have any friends who need to read our newsletter? Ring and we will post one out or they can download it from our website ☐

Always be kind.
If you see someone falling behind, walk beside them.
If someone is being ignored, find a way to include them.
If someone has been knocked down, lift them up.
Always remind people of their worth.
Be who you needed when you were going through hard times.
Just one small act of kindness could mean the world to someone.



INSURANCE PREMIUMS UP 20%+

The following article explains the dramatic increase in insurance premiums across all insurers. The annual insurance premium is often the greatest expense for a strata or community titled group in any year. Owners need to take this substantial increase into account when striking their levies at their annual general meetings.

Strata Insurance Market Update FY2022-2023 by Lia de Sousa
www.whitbread.com.au

Strata Insurance Market Overview

The Strata Insurance market is experiencing considerable rate rises and cover availability is becoming increasingly restrictive.

Major losses across the insurance industry, in particular the strata space, have seen insurers forced to increase insurance premiums and tighten underwriting guidelines on properties that have experienced high loss ratios and frequent claims, as well as those with defects or maintenance issues.

Insurance companies are unfortunately forced to take such measures to protect their profitability and financial health.



THE HARDENING INSURANCE MARKET

Insurance markets are cyclical, and the trends we are seeing at present for Strata Insurance, possess all the characteristics of a hardening insurance market. Refer to graphic, which demonstrates how the insurance market functions in both hard and soft conditions.

Key Strata Insurance trends

UNDERWRITER MARKET

Due to the tightening of underwriting guidelines, we have seen changes in risk appetite over the last 12 months. This can lead to the following scenarios:

Special policy conditions and insurance cover exclusions being applied to strata properties that are categorised as "high risk" (see below for details on what constitutes "high risk").

Insurers are moving to apply a minimum excess of \$1,000 on basic claims. Properties with a high frequency of claims will experience imposed excesses.

Construction excesses and cover limitations being applied to certain policy sections.

Short termed renewal periods being offered by insurers where defects have been outstanding for a long period of time.

Reduced capacity for a high percentage of lightweight materials, Expandable

Polystyrene Sheets and Aluminium Composite Cladding risks.

HIGH RISK CATEGORIES

If any of the below apply to your strata property, the building may be deemed "high risk" by insurers:

Presence of Expanded Polystyrene Sheets and Aluminium Composite Panels

Outstanding defects

Building notices or building orders issued

A high claims loss ratio or substantial outstanding claims

Vacant properties (applies to both residential and commercial strata)

Ongoing construction for staged developments

Crane exposure during construction

CLADDING

Expandable Polystyrene Sheets and Aluminium

Composite Cladding are on insurer's radars more than ever.

Cladding excesses ranging from \$5,000 to \$100,000, or 10% of the Building Sum Insured are being applied to many strata properties in the event of a fire, where Aluminium Composite Cladding contributed to the outcome.

Insurers require a Building Materials Report, or the names of the products used in the construction of the building, their location and percentage to assess the risk correctly. This applies for renewals and new developments.

Updates on cladding removal works should be provided to your broker to ensure the insurer is informed on any changes to the building risk.

continued page 2

emergency numbers

Plumbing , Gas, Roof Leaks	8364 5855
Electrical	8274 0100
Building repairs, breakins & glazing	1300 362 515
Police to attend - noise/robbery etc	131 444
State Emergency Service storm/flood	132 500

Published by UnitCare Services. P.O. Box 4040, Norwood South 5067 52 Fullarton Road, Norwood.

t (08) 8333 5200 f (08) 8333 5210 w www.unitcare.com.au e mail@unitcare.com.au

abn 16 988 263 326 This is a publication of UnitCare Services and is offered as information only and is not intended as a substitute for professional advice.

after hours emergencies - phone 8333 5200 for up to date information.



USEFUL LINKS

For podcasts and fact sheets on many unit living matters go to..

www.unitcare.com.au/fact_sheets.html

Our colleagues at www.lookupstrata.com.au have sent us some useful links.

The following are from some of their most viewed pages...

www.lookupstrata.com.au/sa-neighbour-smoking-on-balcony/

www.lookupstrata.com.au/category/parking/parkingsafaq/

www.lookupstrata.com.au/factsheet-maintenance-common-property/

www.lookupstrata.com.au/category/noise/noisesafaq/

DEFECTS

All defects must be reported to your insurance broker and insurer, as per your Duty of Disclosure requirements.

Insurers are requiring defect rectification works to be acted upon promptly.

If defect rectification is not achieved, insurers must adhere to their underwriting guidelines which can result in premium increases, greater deductibles (excesses), special terms and conditions, and short termed policies which may leave a property without coverage.

STRATA INSURANCE PREMIUMS

On average, Strata Insurance policies are currently experiencing premium increases of 15-30% or more for properties with no outstanding claims or defects.

Strata properties with identified issues will see substantially higher premium rate rises. Why? Insurers must price strata property insurance to reflect the risk and characteristics of the building.

An increasing number of strata properties are classed as 'very high risk', and carry high repair costs. This can be due to location, age, design and construction methods.

Claims history, maintenance problems, and the way in which a building is used can also affect the risk profile of the property, subsequently impacting the premium rates applied. E.g. the building may contain units used for holiday letting and/or 'high risk' business activities.

CLAIMS

Strata Insurance claims are increasing in frequency due to the growing number of severe weather events / natural catastrophes we are experiencing in Australia. This increase in claims places insurer profits under strain and results in upward pressure on Strata Insurance premiums across the board, in particular those properties which suffer claims.

Insurers are reluctant to provide quotations for properties with pending insurance claims, and / or outstanding rectification works yet to be undertaken.

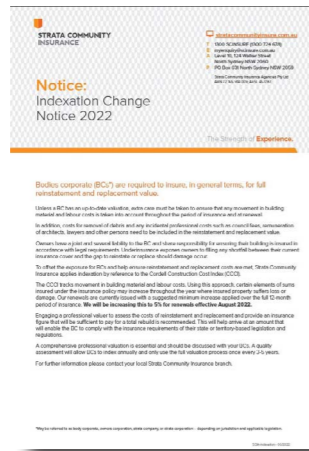
The forecast for 2022

Insurers and market analysts are predicting the Strata Insurance market will continue hardening for the foreseeable future.

Rest assured however that the present Strata Insurance market conditions will not continue indefinitely. Once claim ratios improve, potential legislative measures are implemented, and sufficient capital flows back into the Strata Insurance market, it is likely rate increases will curtail, and swing back towards softer market conditions..

MID YEAR INSURANCE INDEXATION

You may recall from our Winter 2020 newsletter that insurers of strata and community titled groups are indexing the building replacement sum by 3 to 5 percent. This is to take account of rising costs in the building industry.



SAVING THE DAINTREE FOREST

UnitCare Services has since March 2019 been contributing funds to help save the Daintree Forest in far north Queensland. Unfortunately, the Daintree is also the site of a disastrous rural residential subdivision. In 1982 a developer created 1,136 freehold properties.

In the struggle to prevent the development of the Daintree, there have been wins and losses. Hundreds of rainforest properties have been developed for housing, while hundreds more have been purchased for conservation and the rainforest protected.

Recently lots 6 and 197 have been purchased and saved forever.

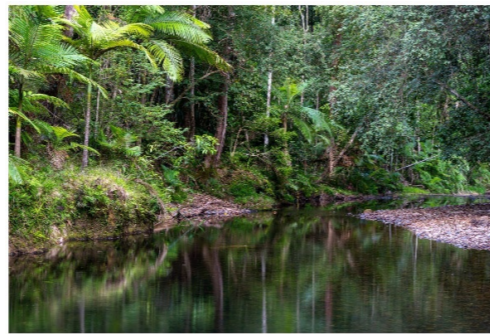
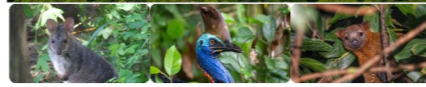
Donations are still needed to save further lots of land before they are cleared for housing.

Please go to go.halfcut.org/donate and consider making a regular donation, small or large.

Buying the land is the only answer to the long term survival of this precious habitat.

Sir David Attenborough has described the Daintree Rainforest as "the most extraordinary place on earth".

"It has, for the naturalist, everything. It has an amazing rainforest, which is quite unlike any other rainforest in the world. Down on the coast, it has the Great Barrier Reef . . . so that's the place for me."



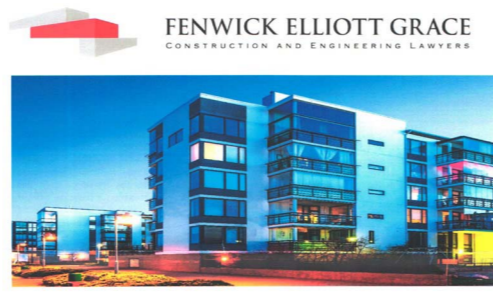
Hutchinson Creek Lot 93

OFF THE PLAN GOES OFF

A recent paper by Tom Grace of lawyers Fenwick Elliott Grace warns of the risks of buying a unit off the plan.

We have seen too many problems with new apartment developments and recommend that if you are looking to buy into a multi storey development, do so when it is at least 5 years old and all defects and issues are resolved. Go to the following link for the article.

https://feg.com.au/construction-law-updates/off-the-plan-goes-off/



CONSTRUCTION LAW UPDATE No. 2201

UNITCARE TEAM UPDATE

The departure of our business manager has caused us to shift the emphasis of our business to greater training of staff. To this end we have bought Kathryn Brewer on board. Kathryn brings decades of experience as a trainer and business coach. We also welcome Ashleigh Bussenschutt who replaces Shannon as a body corporate manager. Shannon left for part time work closer to her home near Christies Beach. We wish her well. In addition Cheryl Linn has joined us as our business assistant and PA to the managing director. Our up to date Team Sheet appears below.

Profile for Mike Thomas: Body Corporate Manager, Former Residential Property Manager, Diploma of Property Services, Cert IV in Property Services, Diplomas in Small Business & Accounting. Includes photo and contact info.

Profile for Tanya Rundgren: Body Corporate Manager, Former property manager in SA and Nairobi, Lodge manager Kenya, Kangaroo Island & Western Australia. Includes photo and contact info.

Profile for Allison Wells: Senior Body Corporate Manager, Background in insurance claims, assessing and underwriting, Group insurance officer for Scott Transport. Includes photo and contact info.

Profile for Kim Smith: Senior Body Corporate Manager since 2010, Body corporate manager, Qualified property investment manager. Includes photo and contact info.

Profile for Gordon Russell: Managing Director, Has been in the body corporate industry since 1986, Appointed by the Courts since 2014 as administrator to dysfunctional strata and community titled groups. Includes photo and contact info.

Profile for Kathryn Brewer: Training & HR Manager, Twenty years experience in coaching, lecturing and facilitating workforce wellbeing solutions, backed by a Graduate Diploma in Adult Education from the University of Technology, Sydney and a counselling Diploma. Includes photo and contact info.

Profile for Natalie Ongley: Reception / Admin Assistant, Reception, client, levies & payments, reconciliation of Trust Account. Includes photo and contact info.

Profile for Cheryl Linn: Business Assistant & PA to Managing Director, Background in financial planning services, Diploma & Cert 3 in Children's Services & early childhood education. Includes photo and contact info.

Profile for Ashleigh Bussenschutt: Body Corporate Manager, Background in commercial real estate, Commercial Leasing. Includes photo and contact info.

Profile for Pam Proctor: Body Corporate & Accounts Payable Manager, Background in school teaching and real estate, both in sales and property management. Includes photo and contact info.



PEACE OF MIND FOR UNIT OWNERS