

Insurance – Duplexes & Triplexes

Each Owner will just insure their own unit!

WRONG!

Some people are of the mistaken belief that it is OK for owners to insure their unit ie each owner just has their own separate insurance.

Check your survey plan.

To determine responsibility, you first need to check your survey plan to determine the type of format.

This is very easy ... just check the bottom right corner.

Building Format Plan	Standard Format Plan
	

The law

The same rules apply for all buildings in Queensland – it does **not** matter if there are only 2 units or 2,000 units.

Section 49 - Body Corporate and Community Management (Specified Two-lot Schemes Module) Regulation 2011

Section 117 - Body Corporate and Community Management (Small Schemes Module) Regulation 2020

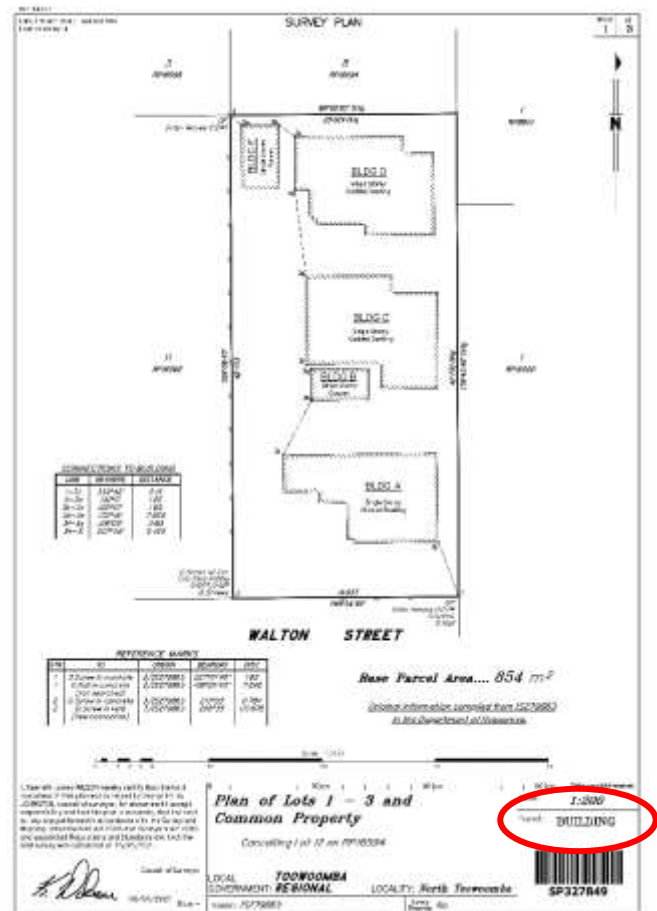
Section 198 - Body Corporate and Community Management (Standard Module) Regulation 2020

The law clearly states:-

- (1) This section applies if 1 or both of the lots included in a specified two-lot scheme are created under a **building format plan** of subdivision or a volumetric format plan of subdivision.
- (2) The **body corporate must insure**, for full replacement value, each building in which is located a lot included in the scheme, to the extent that the building is scheme land.

All of the units are completely separate – so does it still apply to me?

Yes! The body corporate must still insure the “buildings”



The above development consists of three (3) units all 100% detached from each other.

Determining who should insure

Step 1 – Type of Plan

Answer = Building Format Plan

Step 2 – Check Law

Answer = Body Corporate **must** insure building format plans (no distinction is made for completely detached buildings)

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Is a Landlords Policy OK?

No! You **must** have a Strata policy in the name of the body corporate!

You really need both!

Strata Policy (in the body corporate name)

This is designed to cover:-

- The Buildings
- Public Liability in Common Areas

Landlords Policy (in the unit owners name)

This is designed to cover:-

- The Contents
- Public Liability inside the Unit

My Landlords Insurance Policy includes the building!

This is where the confusion can start to kick in!

It is 100% possible for a Landlords Insurance Policy to include buildings – but remember the law above requires that the body corporate **must** insure the buildings.

Then why does the Landlords Insurance Policy still include buildings – this could be for a number of reasons:-

- The fact that the unit is part of a Community Titles Scheme was not properly disclosed; or
- The fact that the insurer simply did not understand what it was really insuring (ie just a portion of a Community Titles Scheme).

Do not assume just because the Landlords Insurance Policy says the building is covered that you are properly covered – because you are not! The insurer can simply cancel the policy for failure to disclose the proper nature of the development.

Can I Risk Not having a Strata Insurance Policy?

Definitely **not** recommended and you are breaking the law!

An Example of it all Going Wrong!

- Let's say I buy unit 3 on the previous plan (ie the very back unit)
- Let's say I forget to insure my unit
- Let's say my unit burns down
- Let's say I know the law (or my solicitor knows the law)

So I just go to the body corporate (ie the other owners)

- I ask *“I would like to make a claim on the body corporate policy”*
- Then I am told *“Sorry there is no body corporate policy we all insure our own units”*
- Then I say *“By law there must be a body corporate policy and if it does not exist then the body corporate is responsible to rebuild my unit”*

Outcome – the body corporate would be required to rebuild my unit – so all three owners would be forced to rebuild Unit 3. Each unit owner might be out of pocket \$100,000's.

But ... There is no Body Corporate!

Some people get a little confused about the status of the body corporate.

First Step – Check the Survey Plan

If the plan says Building Format Plan – then you have a body corporate end of story.

The only difference is some bodies corporate are “active” and some bodies are basically “dormant”.

The status of your body corporate does not matter for insurance purposes ie

Type of Plan	Building Format
Status of Body Corporate	Exists (can be “active” or can be “dormant”)
Who needs to insure?	The Body Corporate!