

Peak Strata Body Releases Landmark Strata Insurance Disclosure Best Practice Guideline

Thursday 14 December: Property peak body Strata Community Association (SCA) has released an industry first *Strata Insurance Disclosure Best Practice Guideline* that will improve strata insurance practices and outcomes for its members and all strata insurance consumers.

The rapidly evolving strata insurance market has continued to evolve into an increasingly complex landscape for Australia's approximately 6 million strata residents. In order to turn , SCA has produced guidelines that outline the best practice process into three steps: disclose, document and communicate., the guidelines are a critical piece in the puzzle to understand the support available.

The SCA Best Practice Strata Insurance Disclosure Guide introduces a new practice standard for SCA members that has higher disclosure thresholds than all existing state, territory and federal legislation and regulation.

The best practice guide is aiming to achieve these new and higher levels of disclosure through several concepts and inclusions in the strata insurance process:

- The inclusion of all **eight (8) financial items** in quotations and invoices
- A simple-to-follow, **three-step process** – disclose, document, communicate
- **Templates** to achieve standardisation of information presented to strata committees
- **Communications principles**, processes and timeframes for communication between all parties
- The **disclosure** of all commissions, conflicts of interest and the allocation of remuneration between parties.
- Easy-to-read information included in communications with **consumers**.

Speaking on the launch of the landmark guide, **SCA Australasia President Chris Duggan** said that it has become clear that the bare minimum was just not hitting the mark for the consumer, and SCA needed to take the initiative.

“We are implementing a system that ensures that practices are transparent, and consumers are provided with enough information to make informed choices,” said **Mr Duggan**.

“The insurance services provided by strata managers, brokers and underwriters is not always simple and straightforward, but their interaction is critical to achieve positive outcomes, and will only be improved by the introduction of this guide.

“We want to elevate SCA members in the eyes of strata committees and consumers, and eliminate some of the poor practices and bad actors who undermine confidence, and improve relationships between strata managers, committees and consumers.

“There is widespread support across the industry for this initiative that has been won over the last nine months, as we consulted across all of the major strata underwriters, brokers, software providers, strata management firms, our specially formed strata insurance taskforce and each of the state and territory SCA boards and executive chapters.

“We’re setting an achievable timeframe for implementation and compliance, and we will be proactively engaging and training our members in the guide, which will become the practice standard for SCA members, and will become a component of membership,” he said.

The new best practice guidelines have been drawn from two significant pieces of empirical research published in the last two years, Dr Nicole Johnston’s report, [A data driven, holistic understanding of strata insurance](#) and John Trowbridge’s [Independent Review of Strata Insurance Practices - Phase 1](#) paper.

Speaking on the launch of the new guides, **John Trowbridge**, insurance expert and author of the report that has informed the guides said he would like to congratulate the SCA on preparing and now publishing its Strata Insurance Disclosure Best Practice Guideline.

“This work is testament to the SCA’s commitment to do so following release of my Phase 1 paper on disclosure last year and is a significant enhancement of the SCA’s approach to self-regulation on behalf of its members,” said **Mr Trowbridge**.

“The content of this Best Practice Guide follows closely the recommendations in my paper regarding transparent disclosure of strata managers’ own remuneration and that of brokers they use. It is explicit about three important principles for strata managers to apply, namely Disclose, Document, Communicate.

“These steps are rightly aimed at obliging strata managers to go beyond the written word to assist actively in improving the understanding and education of strata managers, their body corporate clients and brokers.

“They supplement two other principles emphasised in the Guide, being disclosure of conflicts of interest and acting in the best interests of their body corporate clients.

“Standardisation and professional obligations of strata managers deriving from the Best Practice Guide have the potential, to simplify and demystify the strata insurance process,” he said.

For members, please visit the **National Resources** section of the **Member Portal** <://members.strata.community/> to find the best practice guideline in full, as well as supporting resources including fact sheets, infographics and videos.

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About Strata Community Association (SCA)

[Strata Community Association \(SCA\)](#) is the peak industry body for Body Corporate and Community Title Management (also referred to as Strata Management, Strata Title, or Owners Corporations Management) in Australia and New Zealand.

Our 5,000 individual and corporate members include strata/body corporate managers, support staff, owners’ representatives and suppliers of products and services to the industry. SCA proudly fulfils the dual roles of a professional institute and consumer advocate.

We believe in taking action with urgency in order to raise public awareness about some of the most pressing issues facing today’s society. Please join us by supporting our efforts to make a measurable difference for the community.

Media enquiries: Shaun Brockman, SCA National Policy and Advocacy Manager, 0468 334 277, media@strata.community.

