

From: Peter Minnucci [<mailto:peter@abic.com.au>]
Sent: Wednesday, 6 April 2022 10:03 AM
To: John Trowbridge
Subject: Strata review thanks and feedback

John,

Firstly thank you for this body of work. Strata is an area of insurance that has caused great angst to our practice over many years.

The insurance aspect is only one of a number of problems in Tasmania that encompasses the entire Strata Management process.

Until recently I would have focused on the conflict that arises from SMs acting as ARs. Allowing an entity to be licenced in only one line of insurance exposes their clients to risk.

This is akin to a patient frequenting a doctor who only deals with heart disease and having the client rely on that practitioner to keep them healthy.

In recent weeks I have seen the other side of SMs and Insurance being one of 6 owners taking over management of our own Strata Property.

Going back over years of documentation it became apparent that the broker and SM have kept correspondence on insurance to a bare minimum.

There were no records of advice, general or otherwise, simply cost tables each year comparing the total cost of a fixed range of insurers.

The SM then provided this to the OC and a decision was made by consensus – based on virtually no information other than price.

We later discovered that the quotations had also included incorrect construction details entered without any discussion with the SM or OC

If this happened to us – with me in the insurance industry, as a client, then it will be happening all over Australia.

The solution might be a requirement for the SM to provide the written advice to the group including “what you told us “ prior to acceptance as a legislative requirement, in the same way we are required to do so for individual clients and direct OC clients.

On a separate issue, perhaps not related, but important to those of us operating in Tasmania, is a matter involving a major player in the local market.

For many years now xxxx has offered clients a “stand-alone” strata cover for a single unit in a Strata complex.

They have been made aware of the Strata legislation, but they continue to do so.

I have had many clients caught up in the fiasco over the years and inevitably they are forced to insure with xxxx as the other owners refuse to budge and of course no other insurer will cover a part risk.

I have had many discussions with the local law society and Tas. Lands Dept person dealing with Strata matters and I know that it is a source of great frustration.

We recently were able to guide a long standing client through the appeals process and received a ruling from Lands Dept Tas compelling the other owner to pay part of a Strata insurance policy.

A real win for the client finally.

That's the end of short story.

Thanks again.

Regards,

Peter Minnucci

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