

## Key information about phased replacement of insurance commissions

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From 1 January 2026, Strata Community Association NSW (SCA NSW) will begin a phased replacement of insurance commissions for strata managing agents.

Where previously remuneration was received from commissions for the critical value strata managing agents provide as part of the insurance supply chain, moving forward it will be replaced with a combination of fee for service for insurance and an increase in agreed services, in consultation with clients:

- This change for members only
- **The phased transition will occur as new contracts replace old contracts** in member businesses, over a period of no more than 3 years from the transition start date.

### Why has the SCA (NSW) Board adopted this position?

SCA (NSW) believes that a phased replacement of insurance commissions presents the best opportunity to move the forward for the industry and consumers:

- For strata managing agents and their businesses, this reform will deliver certainty, business sustainability and improve trust and credibility with clients.
- For owners and committees this reform will deliver transparency, accountability and pricing simplicity.
- Strata managing agents should be proud to talk about the value they bring to consumers and why they should be paid to carry out these critical tasks in relation to strata insurance.

### How did the SCA (NSW) Board come to this decision?

The decision to replace insurance commissions has not been made lightly, or quickly. To support and inform our decision-making, we commissioned independent research and policy analysis from AEC Group and drew from our intense engagement with government, consumer groups, members and insurance and industry stakeholders over the last two years. The benefits of a phased transition and the need to negative consumer sentiment relating to insurance commissions came through very strongly.

### When will the transition begin?

From 1 January 2026, new SCA (NSW) standard management contracts issued by SCA (NSW) members will not include an option to accept commissions on insurance products

and SCA (NSW) members using their own management contracts will also not offer the option.

This will gradually reduce the number of operating contracts with commissions arrangements over a transitional period of time. We believe this method will cause the least disruption, with no requirement to re-draw or re-negotiate contracts, and the ability to have a full conversation with the client at the time of renewal regarding new remuneration arrangements.

### **How will the transition work in practice?**

From 1 January 2026, new SCA (NSW) standard management contracts issued by SCA (NSW) members will not include an option to accept commissions on insurance products and SCA (NSW) members using their own management contracts will also not offer the option.

As older contracts lapse and new contracts do not include commission arrangements, this will drive the phased transition. Some insurance commissions will still be part of management agreements past 1 January 2026, if they were in agreements signed prior to this date, however no NEW management agreements will be signed after that date.

### **What will remuneration received from commissions be replaced with?**

- Where previously applies to **new contracts signed after 1 January 2026.**
- **Existing contracts signed before 1 January 2026 will continue on the same terms** and for the same duration and do not need to be altered or re-negotiated.

remuneration was received from commissions for the critical value strata managing agents provide as part of the insurance supply chain, moving forward it will be replaced with a combination of fee for service for insurance and an increase in agreed services, in consultation with clients.

SCA (NSW) will support members to understand how to value their time and services in relation to strata insurance services, and will be working with industry and strata stakeholders, as well as government, to ensure this is understood by consumers, owners and committees.

### **How will SCA (NSW) be supporting members through the transition?**

We know this transition may be challenging. SCA (NSW) will be spending significant time and resources supporting members with training, resources and education throughout the transition, and with much more detail in the coming weeks. We will be:

- Conducting webinars and information sessions
- Sharing case-studies and information from strata managing agents who operate models without commissions
- Conducting education and training sessions
- Sharing data and insights into the insurance sector
- Drawing on the knowledge of our insurance and broking expert members.

### **What does this mean in relation to the government reform packages and legislation?**

This reform will be administered by SCA (NSW), for SCA (NSW) members as a requirement of membership of SCA (NSW), not as a statutory or legislative requirement.

Strata managing agents are still bound by the recent legislation passed to regulate insurance commissions disclosure on existing contracts, which will continue to be enforced by NSW Fair Trading.

SCA (NSW) will feed data from our reform into the process and continue to work closely with NSW Fair Trading on legislative reform.

This reform will operate independently of the NSW Government's Productivity Commission review and its decision-making process, which is due to gather information this year and next, and report its findings to the government on 27 February 2026.

**Will total insurance prices increase, decrease, or stay the same as a result of this reform?**

The impacts on each scheme and each particular policy will vary widely. Insurers and brokers will be responsible for passing on savings reductions derived from the commission to strata managing agents no longer making up part of the premium.

Individual strata managing agents and businesses will be including fee for service or agreed management fee charges that are appropriate for the many services they provide in relation to strata insurance.

Pricing will be simple and transparent, which is in line with consumer sentiment.