Media Release – Strata manager remuneration in NSW

John Trowbridge OAM
15 September 2025

The NSW SCA (Strata community Association) has announced the phasing out of insurance commissions for strata managers who are SCA members. **Congratulations to the NSW SCA!**

So what does this mean, what are the implication? The announcement is a welcome self-regulatory initiative and is the second of two major transformative steps in strata insurance remuneration since recommendations made in my 2022 reports on intermediary remuneration (see www.johntrowbridge.com.au). In 2022, both the SCA and NIBA (National Insurance Brokers Association) were firmly in favour of self-regulation of any changes made. Last year the SCA nationally took such a step on disclosure and is now doing so in NSW on conflicted remuneration.

Many strata managers are paid a share of insurance commissions received by brokers or, in cases where there is a broker fee and no commission, a share of that fee. These shares of commissions and broker fees are now the subject of the strata insurance remuneration disclosure obligations imposed on strata managers by the NSW Parliament in February this year.

The SCA initiative, while labelled 'phasing out of commissions', is actually the phasing out of the practice of strata managers accepting a share of commissions and/or broker fees paid to insurance brokers (the NSW legislation on disclosure includes broker fees in its definition of commissions).

It is a courageous move by the SCA in NSW to overturn this long standing and entrenched practice of the sharing of commissions and/or broker fees between strata managers and strata insurance brokers. It is a practice that contains an inherent conflict of interest and potential breaches of fiduciary duty. The phasing out is also a logical extension of the new disclosure regime in NSW.

The proper responses that should now be expected in NSW through progressive implementation within the strata insurance financial chain are –

1. Underwriters currently including commissions in their premiums: to reduce each total premium by 20% of the base premium*, a move from *gross premiums* to *net premiums*
2. Brokers who receive and share commissions: to modify their broker fees to a level that is commensurate with their own services, commonly in the range 10% to 13% of net premium
3. Brokers who operate with fees only (no commission) where the fee is shared with the strata manager: to reduce their fees by 50% to 60% (because the fees are usually shared 50/50 or 40/60 with the strata manager)

   … *note also that strata managers are almost wholly dependent on their brokers for the information they and their owners need on premiums, commissions and broker fees*
4. Strata managers: to replace income previously received as a share of commission and/or broker fee via an increase in management fees funded from the owners' savings in premiums and/or broker fees.

   … this step underpins the viability of this bold initiative by SCA NSW and is vital for the maintenance of service levels and the continuing commercial strength of the strata management industry.

This announcement by the NSW SCA precedes the intention announced by the NSW Commissioner of Fair Trading last year to legislate the "banning of commissions" or, more specifically as noted above, eliminating the right of strata managers to accept a share of commissions or broker fees on strata insurance. The next stage in this unfolding story is effective and genuine implementation of the above four steps in the best interests of lot owners.

---

* **Base premium** is the underwriter's premium before the addition of commission (if any), stamp duty, ESL (Emergency Services Levy) and underwriting fee. GST is then levied on all components of the premium except for stamp duty and on the broker fee.