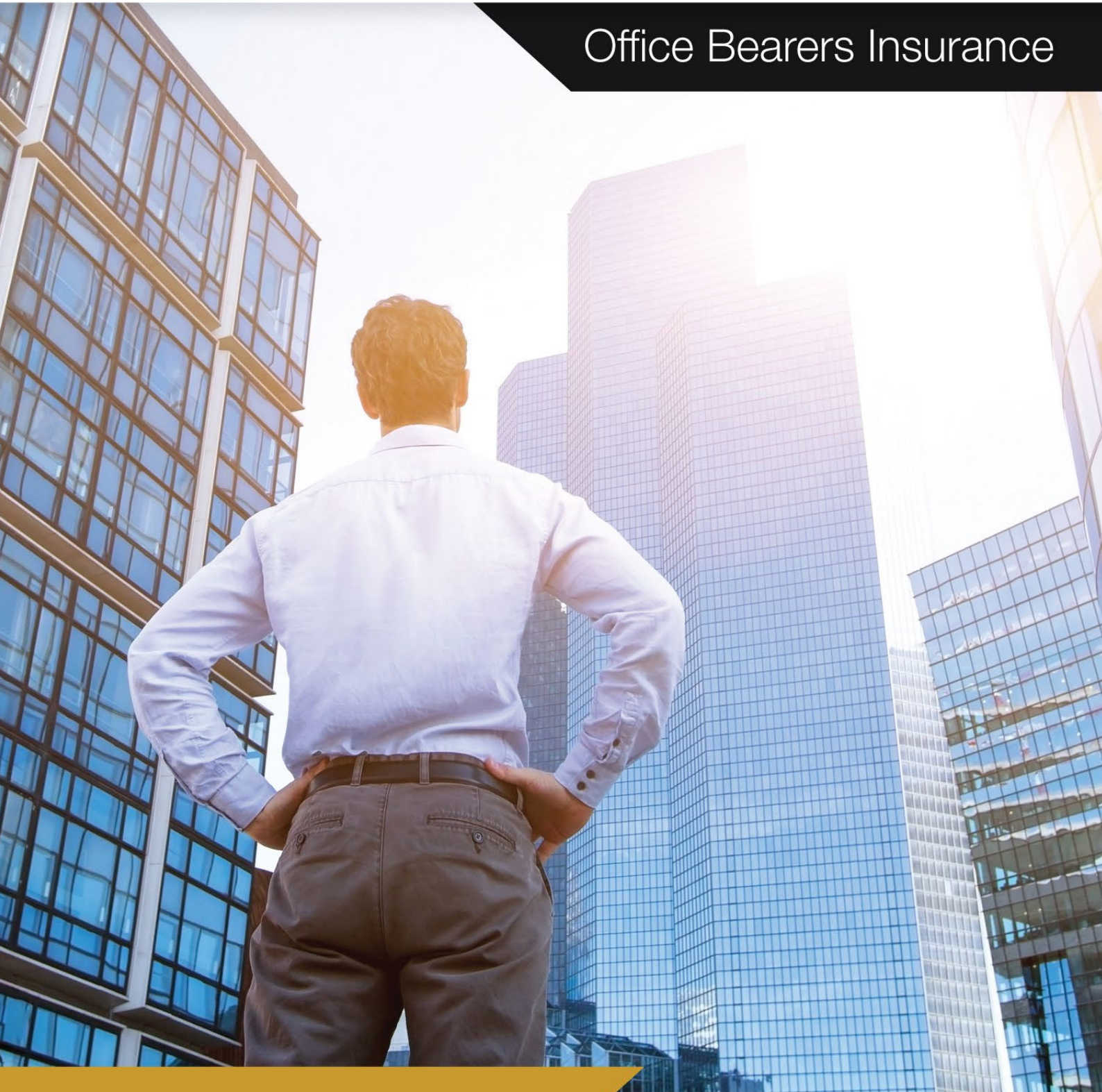




**crm brokers**  
the smart insurance choice

Office Bearers Insurance







## Scenario Four

Having received Owners Corporation consent, consider the potential risk of the Strata Committee progressing in good faith the building of a pontoon for their Strata Plan that faces a waterway. This decision was made with the best intentions but the Strata Committee failed to get Local Council and Waterways Authority approval. After completion, the Council instructed the Owners Corporation to remove the pontoon. The owners are understandably upset and decide to chase the Committee Members for the loss of funds.

**Exposure:** Another loss of Owners Corporation funds due to a mistake made by the Strata Committee.

## Scenario Five

A Lot Owner in a townhouse complex asks a Strata Committee member if they can replace their fences. Thinking they are performing a good deed, the Strata Committee member agrees and the Lot Owners pays for the removal of the old fence and replacement of a brand new fence. The Owners Corporation disagrees with the decision as the new fence is too high and does not blend in with the look and feel of the townhouse complex.

They instruct the Lot Owner to remove the fence and replace it with a fence that is the same as the rest of the Strata Plan. The Lot Owner decides to sue the Strata Committee member.

**Exposure:** A potential financial loss exposure of Strata Committee member due to an honest mistake.

For a long time now, some strata experts have been advocating to Government Regulators that Office Bearers liability insurance be made mandatory. Currently it is not compulsory which seems extraordinary given the potential risk exposures involved.

Putting aside the question of compulsory cover being automatically in place for Office Bearers, there is a strata industry view that limits of cover need to be increased well up from the current average which sits at around \$500,000, which could be shared between say 3 and 12 people in the Office Bearer's role.

As the examples above illustrate, in this day and age this amount may prove to be insufficient. Although the appropriate amount of cover is a matter for the Owners Corporation to decide, it is recommended that the Owners Corporation insure for the maximum they can afford and to review this amount regularly.

In some situations, life can appear very unfair for Office Bearers but ignorance of the law is no excuse. A significant part of the solution is to ensure Strata Committee members and Office Bearers are educated in their duties and responsibilities.

But most importantly, it makes good business sense to have protection in place for when things do go wrong. With adequate levels of cover in place to safeguard the interests of Office Bearers, including honest mistakes made whilst carrying out their duties and responsibilities, means everyone can sleep a little easier.

An Insurance Broker or Strata Manager cannot tell you how much you require. This cover should be discussed at your AGM when you are considering insurances and the decision needs to be made by the Owners Corporation.

If you would like a quote to include Office Bearers Cover on your policy or would like further information, please contact CRM Brokers on **1300 880 494** or [crmstrata@crmbrokers.com.au](mailto:crmstrata@crmbrokers.com.au) and one of our Account Executives will be more than happy to help.