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## Expert advice vital in strata cover purchase

The National Insurance Brokers Association (NIBA) has cautioned strata unit owners and body corporate committees in North Queensland that buying insurance cover direct from an insurer without seeking expert advice may end up being false economy.

NIBA was responding to an announcement by one insurer that it would offer strata insurance direct to owners and body corporates of small unit complexes at a promised saving in premium.

NIBA CEO, Dallas Booth, said strata insurance is traditionally sold through brokers for a very good reason -- the importance of expert advice.

"There are three key reasons for this. Firstly every strata building is different, and will have different risks and challenges which need to be taken into account when thinking about insurance; secondly, strata insurance policies all vary, and care needs to be taken to ensure the policy matches the needs of the strata block; and thirdly and most importantly, the amount of cover (the sum insured) needs to be adequate, or the strata owners will be exposed if a major loss occurs.

"As a general rule, insurance companies do not give advice to clients on what product is appropriate -- only licensed insurance brokers do this. And it is even more important to get advice when the market is difficult, which it has been for the past three years and continues to be in many areas of Australia," Mr Booth said.

The other key reason why insurance brokers played a vital role was when there was a claim. "In all cases the broker acts for the policyholder not the insurer. In the event of a claim the broker becomes the advocate for their client, and makes sure they get their full entitlements under the policy."

Mr Booth said there had been some very good initiatives by insurers to help strata owners in North Queensland to understand the risks their buildings faced and to reduce those risks.

"But simply going for cheaper cover does not necessarily mean you are getting the cover you need when that major catastrophe happens.



"Strata owners and body corporate committees also need to make sure that they are complying with any requirements under State laws for adequate insurance arrangements. Once again, only an insurance broker will help and guide the committee on this issue.

"The insurance market for strata and body corporate insurance has improved this year, but it is important that strata owners and body corporate committees get the right advice and the right cover from someone who understands the current state of the market – their insurance broker," Mr Booth said.

If you want to contact an insurance broker in your local area, you can find one at [www.needabroker.com.au](http://www.needabroker.com.au), or telephone 1300 53 10 73.

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NIBA is an independent industry association representing 400 firms and more than 2600 intermediaries, who handle almost 90% of the commercial insurance transacted in Australia. Brokers play a major role in insurance distribution, handling \$18 billion in premiums annually and placing around half of Australia's total insurance business.