



Why strata insurance alone is not enough

Strata insurance plays a critical role in protecting buildings and the communities living within them. However, one of the most common areas of confusion for strata managers, committees and lot owners is understanding exactly what strata insurance does – and does not – cover.

Many assume that strata insurance alone provides complete protection. In reality, effective protection relies on three separate layers of cover, each designed to respond to different types of loss.

Understanding the three layers of protection also plays an important role at claims time. It helps ensure claims are managed correctly, reduces the risk of uninsured losses and provides clarity and confidence for strata communities. Each layer plays a different role, and gaps can occur when one layer is missing.

Layer 1: Strata insurance

Strata Insurance – which is compulsory – provides general insurance cover for the building, shared or ‘common’ areas and common contents.

Importantly, this cover extends beyond common areas. It generally includes **fixed building elements** located within individual lots, such as internal walls, ceilings, bathroom fixtures, kitchen cabinetry and built-in cupboards.

This is one of the most common areas of confusion. Strata insurance is not limited to external structures or shared spaces. It applies to the building itself, regardless of whether that building element is located in common property or within a private lot.

Strata insurance also includes **public liability cover**. This protects the owners corporation against claims for injury or property damage arising in connection with its ownership of the common property.

Strata insurance forms the foundation of protection, but it does not cover personal belongings or certain landlord risks.

Layer 2: Contents insurance

Contents insurance protects personal belongings within a lot. This includes items such as furniture, carpets, curtains, blinds, electronics and personal effects. These items are not covered under strata insurance. Without contents insurance, residents may need to replace these items themselves following an insured event.

Layer 3: Landlord insurance

Landlord insurance applies when a lot is leased to a tenant. This cover protects the landlord’s interests, including rental default, tenant damage and landlord-owned fixtures and fittings that may not form part of the building definition under strata insurance.

In addition, landlord liability cover is a critical component of this layer of protection. If a tenant or visitor is injured within a private lot and holds the landlord responsible, this type of cover can respond to those claims.

It is important to understand that the Owners Corporation’s liability insurance generally applies to common property only, not to incidents that occur within an individual lot.

3 LAYERS OF STRATA PROTECTION

How the 3 layers work together: A practical example

Consider a scenario where a pipe fails within a building, allowing water to escape and cause damage to multiple lots. Each policy plays a separate and essential role in restoring the property and protecting stakeholders.

Stakeholder	Strata insurance	Contents insurance	Landlord insurance
	Strata insurance would typically respond to repair insured damage to the building, such as affected walls and ceilings. However, the failed pipe itself may not be covered, particularly where deterioration, wear and tear or maintenance issues are involved.	Contents insurance would respond to damage to personal belongings, such as carpets, furniture and personal items.	Landlord insurance may respond to landlord-specific losses, such as rental default or damage to landlord-owned fixtures.
Owner occupier	<ul style="list-style-type: none"> - Damage to walls & ceilings - Building structure within the lot 	<ul style="list-style-type: none"> - Carpets - Furniture - Blinds & curtains - Personal belongings 	<ul style="list-style-type: none"> - Not applicable
Landlord Property leased to tenant	<ul style="list-style-type: none"> - Damage to walls & ceilings - Building structure within the lot 	<ul style="list-style-type: none"> - Not applicable 	<ul style="list-style-type: none"> - Carpets - Blinds & curtains - Fixtures and fittings not forming part of the building - Rental default (if applicable)
Tenant	<ul style="list-style-type: none"> - Not applicable 	<ul style="list-style-type: none"> - Personal belongings - Furniture 	<ul style="list-style-type: none"> - Not applicable

Why this matters for strata managers and committees

Insurance claims within strata buildings often involve multiple policies and multiple parties.

Understanding where strata insurance applies, and where individual responsibility begins, helps avoid delays, disputes and uninsured losses.

Clear communication with lot owners and landlords helps ensure appropriate cover is in place before a claim occurs and helps support smoother claims outcomes.

Whitbread's strata insurance expertise

Whitbread has specialised in strata insurance for nearly 50 years.

Our team works closely with strata managers and committees to ensure buildings are appropriately protected and claims are handled efficiently and correctly.

Our dedicated claims consultants provide expert guidance through every stage of the claims process, helping deliver the best possible outcome for strata communities.

Achieving the best strata insurance outcome

As a broker, our recommendation will not always be based on price. When comparing quotes and policies, it is important to consider the product inclusions, excesses/deductibles, exclusions and cover limits for each insurer. Please contact your Whitbread insurance broker if you would like to better understand strata insurance or ensure your building is appropriately protected. Whitbread's specialist team is here to help.

The information provided here is general advice only and has been prepared without taking into account your objectives, financial situation or needs. Please contact Whitbread Associates Pty Ltd | ABN 69 005 490 228 | AFSL 229 092, trading as Whitbread Insurance Brokers, for further information or alternatively refer to our website at www.whitbread.com.au.