



Honan.

# INSURANCE & RISK FOR STRATA

2023





Honan.

Your needs as a Strata Manager are constantly changing. To support you in navigating the complexities of your portfolio, we'll be on hand with insights and advice. We're with you all the way.

Strata Insurance:  
**Protection for your  
business and clients**

# Strata insurance is complex, with insurance solutions required for residential strata, group and community title properties, body corporates, owners' corporations, and strata managers.

Each Australian state and territory has unique legislative requirements for strata title properties. With over 55 years in the industry and more than 50 strata specialists across the country, our team is well versed in the varied requirements, risk profiles, and associated premiums that come with Australia's diverse strata landscape.

Honan's accomplished strata team takes the time to **identify your unique risks, develop tailored insurance solutions, and provide you with the seamless support you need to manage the additional pressures on your plate. We'll free you up to focus on what matters most - growing your business.**

## Specialist service, **delivering more**



### **We keep it personal**

We only succeed when you do, which is why **we see our clients as partners**. We take the time to understand what makes you tick, how you like to do business, and incorporate that into how we work together.



### **We identify and review complex market conditions**

Applying our specialist industry expertise, awareness of market trends, and analytical capabilities, we ensure our approach is appropriate, and always dynamic. **We stay close to key stakeholders, managing critical relationships with insurers, assessors, surveyors, and industry specialists, enabling us to move quickly and deliver creative solutions with confidence.**



### **With you all the way**

With our in-house claims division led by industry and legal experts, we know how facilities management, services policies, and coverages will respond in the event of a claim. **We're on hand to advocate for you throughout the lifetime of your claim.**



# What's happening in the market?

Global supply chain interruptions coupled with Australia's early catastrophe events in 2023 have contributed to building material shortages; a trend which is expected to continue. Materials most impacted include steel, timber, PVC, plus roofing, and electrical products. In addition, the price of containers and dry bulk shipping is increasing, with serious shortages in haulage between Australia and other countries. Together with pricing increases, these shortages have driven up the cost of insurance repairs and replacements.

LEADING RISKS		IMPLICATIONS FOR RESIDENTIAL STRATA, GROUP & COMMUNITY TITLE PROPERTIES, BODY CORPORATES, OWNERS' CORPORATIONS, AND/OR STRATA MANAGERS
	Natural catastrophes	The growing severity and frequency of catastrophic events has resulted in soaring claims costs. The estimated insured losses from the Eastern Australia floods in 2022 is \$5.81 billion. As a result, claims payouts start to exceed premiums collected, and insurer profitability declines.
	Access to affordable insurance	<p>As the market continues to harden due to limited insurance capacity and the rising costs of claims, insurers have experienced larger losses and some have withdrawn from the market, putting more pressure on smaller underwriting agencies. As a result, there is an increased need for brokering services to access broader markets.</p> <p>Insurers and the Government are working together to bridge the gap in affordability by providing disaster relief funds for either uninsured or underinsured buildings. Initiatives such as the Far North Queensland reinsurance pool are aimed at tackling these affordability concerns.</p>
	Building industry pressures	Reduced access to labour coupled with the growing cost of materials has put immense pressure on the building industry. In addition, numerous high profile builders have gone out of business mid-build, causing further destabilisation.
	Growing cyber threats	The real estate sector was recently identified as High Risk by the Australian Cyber Security Centre (ACSC), due to increased hacker activity, particularly for Social Engineering and Funds Transfer Fraud.
	Underinsurance	<p>Unknowingly, many property owners may no longer have adequate insurance in place to reflect increases in costs for repairs/rebuilds. Two simple insurance solutions can assist insureds here:</p> <ol style="list-style-type: none"> <li>1. Updated property valuations – a professional valuation of all insured property should be obtained by a certified valuer where possible. Owners' Corporations may consider indexing their Building Sum Insured every renewal</li> <li>2. For those in strata buildings – a review of the <a href="#">Catastrophe Insurance Percentage</a> of the building sum insured should be obtained</li> </ol>

# What does the future hold?

Australia's strata insurance market is growing at a rapid pace. From the suburban corner block transformed into multi-townhouse developments to 80-story buildings emerging in CBDs, the trend unfolding across Australia is one of denser living, and strata titles are evolving in line with this.



## GROWTH OF STRATA SCHEMES

From 2020 to 2022, the number of strata schemes in Australia grew by ~25% to almost 360,000\*. This trend is expected to continue.

\*Australasian Strata Insights Report, 2022.



## REDUCED INSURANCE CAPACITY

The strata insurance market is dominated by a handful of players, and with one insurer recently exiting the market, the capacity to underwrite risks has declined. As a result, the cost of insurance is increasing.



## RIISING COST OF INSURANCE & PREMIUMS

From 2016 to 2020, the average strata insurance premium grew from \$3,305 to \$5,017\*\*

\*\*Strata Community Association Report, 2021.



## ROUTES TO MARKET FOR COMMITTEES & STRATA MANAGERS

In FY21 almost 79% of Gross Written Premium (GWP) was placed through the broker model, a significant increase from 41% just 6 years earlier\*\*\*. We expect this trend to continue as the complexity of insurer requests increases, more regulations are embedded, and compliance requirements become more detailed and expansive. All of this can be expensive and onerous for strata managers.

\*\*\*Australian General Insurance Battlefront, 2022.

# Solutions for Strata

Your business is complex. Taking the time to understand its many nuances, we'll design a considered insurance program to match the needs of your business and its people.



## RESIDENTIAL STRATA (BODY CORPORATE)

Residential Strata Insurance, known as Body Corporate Insurance in some states, is a general insurance product covering common or shared properties managed by a strata title or body corporate entity.

**Honan is pleased to manage insurance placements for traditional strata plans alongside more complex mixed-use strata or larger building management committees' requirements.**



## COMMERCIAL & INDUSTRIAL STRATA

Commercial Strata Insurance policies provide cover for common or shared property which is managed by a strata title or body corporate. Placing insurance for commercial and industrial strata-titled properties can be challenging - ensuring you have truly fit-for-purpose cover is essential.

**We're here to advise on how to minimise your strata risks, to step you through the insurance options available, and assist you with complex queries or placements.**



## BUILD-TO-RENT

Build-to-rent is a relatively new insurance product that covers residential property developments in which all lots are retained by an owner, developer, managed investment trust, or other entity. The units are leased directly to tenants and cannot be sold individually.



## COMPANY TITLES AND COMMUNITY ASSOCIATIONS

The registration of company titles is a historical form of shared property ownership that predates strata titles. With only a limited number of underwriters now offering cover for company titles, with only a limited number of underwriters. Community association schemes are generally comprised of common property, landscapes, and facilities under one land allocation. **Honan has proven expertise in securing cover for clients in this niche strata space for underwriters.**

# ADDITIONAL PRODUCTS & SERVICES

Our experience doesn't begin and end with strata. We're an accomplished broker and risk advisor across a vast range of **products, services, and sectors.**



## BUSINESS & OFFICE PACK

Protect your building and the contents owned by your business in the case of an insured event resulting in damage to the property. **Cover can also include:**

- Theft of contents and money
- Damage to glass
- Loss of electronic and machinery equipment
- General property such as laptops and mobile phones (Australia-wide cover for mobile equipment also available)
- Public and products liability cover to protect yourself against an allegation of damages or injury brought on by third parties
- Care custody and control cover if you are in possession of your client's property



## PROFESSIONAL INDEMNITY

Strata managers are in the business of providing information and recommendations to clients while managing the affairs and budgets of body corporate/strata titles. Such activities can leave managers exposed to an alleged or potential breach of their professional duty, which may give rise to a claim.

Professional indemnity (PI) insurance will help protect you and your team in the event of allegations in relation to professional duty, codes of conduct and professional rules, lawsuits, and legal claims. PI insurance covers the costs involved in investigating and settling a claim, defamation, fidelity or misappropriation of funds, and the cost of attending inquiries.



## MANAGEMENT LIABILITY

Protect your company and its individual directors from financial losses in the event of allegedly failing to meet their duties arising from acts, errors, or omissions. This may include cover for statutory liability, employment practices liability, crime cover, and fines and penalties resulting from breaches of any legislation with which your company is obliged to comply.



## CYBER INSURANCE

Businesses are increasingly dependent on digital technology/integrated IT systems. Strata managers hold large volumes of sensitive personal and corporate data, which exposes them to the risk of security and privacy breaches.

Ensuring your company's cyber insurance is adequate has never been more critical. We collaborate with cyber liability insurance specialists in the real estate space to build industry-specific policy solutions.



## LIFE & INCOME PROTECTION

Honan's life and income protection products work to safeguard your family's quality of life in the event of an insurable loss. Life and income protection products can assist with mortgage payments, the costs associated with children's education, and certain medical fees.

# How can Honan help?

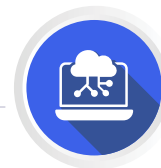
Holistic solutions, seamless service.

**Just like you, we're in the business of looking after our clients, which is why we always put your needs first.** To support you in running and growing your business with confidence, our team works hard in the background to deliver clear, timely, and truly purpose-fit insurance advice and cover. Noting things move quickly, we're always monitoring the market and your changing risk profile, making required tweaks along the way.



## DUE DILIGENCE:

- Insurance liability review
- Risk profiling and analysis of effectiveness of existing insurance solutions
- Benchmarking your existing programs against best practice
- Guidance to ensure you have the right level of cover
- Recommending optimum risk transfer solutions, including estimated costs
- Structuring bespoke insurance solutions using Honan's specialist expertise and buying power
- Assessing risk awareness within your company, including insurance, risk management and operating structure
- Reviewing contractual agreements and advise on related insurance and liability issues, as well as indemnification provisions
- Analysing self-retention programs



## RESOURCES & TECHNOLOGIES:

- Strata portal to reduce administrative burden, from self service to a variety of insurance documents, claims lodgment and live updates to contacting our service team
- Cyber risk management application, real-time threat intel - offering targeted push notifications where our partners have identified threats pertinent to their business
- Guides on ransomware safeguards, stress tests, and self-assessment surveys.



## EDUCATION & INSIGHTS OFFERING:

- Provision of market-leading content on insurance and regulatory market updates, legal, compliance, and regulatory changes
- Training and education to help embed a strong risk awareness culture across your organisation
- Webinars and one-on-one discussions with leading practitioners.



## CLAIMS SERVICE:

- Legally qualified and highly experienced claims team with specialised strata capabilities
- Dedicated claims manager for the lifecycle of a claim
- Analysis and policy response to help ensure a smooth claims experience
- Data-driven recommendations for an evolving insurance program in line with your changing risk profile, inclusive of management programs and standards to mitigate future



# Complex Claims Support

**Our in-house claims department is comprised of legally qualified, highly experienced claims professionals ready to manage your needs with insurers and appointed third parties alike.**

We pride ourselves on the tenacity and technical acumen of our claims team. Boasting professional backgrounds across underwriting, broking, and legal, our team collaborates with colleagues across the greater Honan business to help deliver more.



## WE ADVOCATE FOR YOU

- As your representative, we work with you to help achieve the best possible outcome from the policy. We're passionate about securing you a fair and reasonable outcome.
- We apply our knowledge of relevant industry legislation, guidelines, regulations, and internal policies and procedures throughout the claims lifecycle.
- From time to time we may act under a binder or agency agreement when delivering your claims service. In this case, we will not act as your representative, but as the agent for the insurer. We will always notify you when we are not acting as your representative.



## WE KEEP YOU INFORMED

- Meeting with you to discuss any difficult claims.
- Educating you in the key areas of each policy and how they function.
- Providing coverage evaluations, conducting relevant research, and sharing it with you as required.



## WE GUIDE YOU THROUGH THE PROCESS

- We're committed to ensuring your claims process runs as efficiently and smoothly as possible.
- We discuss the claims strategy with you and/or solicitors.
- We're transparent about the information required to support your claims strategy.



# Honan.

Founded in 1964, Honan's risk management expertise is second to none. We know exactly what it takes to achieve growth and stability. We understand the leap from desire to fulfilment. And we understand the risks involved.

## What sets us apart?



"Thank you for your hard work, efficiency and exceptional customer service over the last few years. It certainly makes our job easier knowing we have you and your team looking after all of our clients' insurance needs. We can rest easy knowing our insurance portfolio is in your very capable hands."  
– **Hill Strata Solutions.**

"I note that Honan's market presence has increased significantly in recent years, as demonstrated by your proactive engagement with Chubb in the management of claims, which produces positive outcomes for your growing client base." – **Chubb.**





### AUSTRALIAN FOUNDED INDUSTRY LEADER

Established in 1964, and with over 450 staff and growing, with offices throughout Australia, New Zealand, Singapore and Malaysia. We understand the local market and legislative frameworks. We're a challenger and think outside the box for our clients.



### FULLY INTEGRATED SOLUTIONS

Holistic risk, insurance, and wellness solutions; from consulting, design and implementation to ongoing management, communication and administration support. Nimble and adaptable, we focus on getting the best results for your business.



### GLOBAL REACH AND INSIGHTS

We help clients navigate the challenges and opportunities of a global market, while providing market-leading local expertise.



### STRONG CLIENT SUPPORT

Our responsive, personalised service model provides you with seamless support; from strategy to execution. With ready access to your Client Manager and our broader service team, you and your people will enjoy proactive service.



### SPECIALIST KNOWLEDGE, DATA-DRIVEN DECISIONS

We're known for our placement of unique and complex risks and for drawing on data to make timely, informed decisions.



### REGIONAL SOLUTIONS

With offices in Australia, New Zealand, Singapore and Malaysia, we're deeply rooted across Asia Pacific.



### INNOVATION

Winner of Insurance Business Top Brokerages (2023) and 5 Star Innovation Award (2023).



### DIVERSITY AND INCLUSION

This is a key focus for Honan, both within our organisation and through supporting community organisations as captured in our Inclusion Charter.

# Industry experience and expertise.

To find out how we can support your growth, please get in touch.

- ✉ [info@honan.com.au](mailto:info@honan.com.au)
- ☎ +61 3 9947 4777
- in Honan Insurance Group

Honan Insurance Group Pty Ltd ("Honan") ABN 67 005 372 396, AFSL 246749

Any advice in this brochure is general in nature and does not take into account the particular needs or circumstances of your business. Insurance cover is subject to policy terms, conditions, limits and exclusions.