

Effects of Disclosure matters

Disclosure forms the foundation of your insurance contract and failure to meet the duty of disclosure can be the catalyst for an inoperable policy. We have highlighted below some common disclosure issues effecting Buildings and Common property owned by the owner's corporation.

(1) CONSTRUCTION AND REMEDIAL WORKS

We take this opportunity to highlight that most strata policies exclude claims arising directly or indirectly from construction works which exceeds \$200,000, without the Insurers written consent. This limit will vary from policy to policy.

Proceeding with works over these limits without your insurer's approval, will void any cover for subsequent damage to your Building, Common Contents and your Liability cover.

The following information is required in order to gain approval:

1. Finalised Scope of Works (Summary)
2. Estimate timeframe for completion of the works
3. Contract value or estimate

Your insurance report will specify if your insurer has "Accepted and Noted" your construction disclosure and cover has been extended to allow for the construction works you advised.

We recommend the Owners corporation do not allow any construction works to commence, until this information is provided to our office and we have gained acceptance from your insurer.

(2) KNOWN DEFECTS

It is important to understand that all policies exclude property damage claims arising directly or indirectly from known defects. This forms part of the standard policy for all insurers.

Insurers may also impose additional special conditions restricting cover. These will be detailed at the bottom of the quotation schedules.

Outstanding defects have a negative impact on your Insurance Contract and is in your best interest to have the items rectified immediately, without delay.

(3) WH&S - WORK HEALTH AND SAFETY

It is a requirement that any incomplete items within a WH&S report be disclosed to insurers.

Written confirmation will be required once these outstanding matters have been completed.

If you do not intend to comply with certain WH&S items, you must advise our office so that we can obtain the insurers advice and acceptance.

Outstanding WH&S Items have a negative impact on your Insurance Contract and is in your best interest to have the items rectified immediately, without delay.

(4) COUNCIL FIRE ORDERS

If council orders have been imposed on the owner's corporation, you must notify our office immediately and provide a copy of the order.

If you do not comply with any of the Fire Order items, or act within the Compliance Periods given, you must advise our office so that we can obtain the insurers advice and / or acceptance.

Following your compliance with the Fire Order, we will require a copy of the final Annual Fire Safety Statement, for the insurer's records.

Insurers may also impose additional special conditions restricting cover. These will be detailed at the bottom of the quotation schedules.

Outstanding council orders can have a negative impact on your Insurance Contract and is in your best interest to have the items rectified without delay.

(5) HAZARDOUS MATERIALS

The fire that destroyed London's Grenfell Tower in June 2017, has brought global attention to the use of combustible materials in buildings.

Combustible building materials are of great concern to insurers and we must be advised if used within your property. These Hazardous materials include, but are not limited to ACP (Aluminium Composite Panelling), EPS (Expanded Polystyrene) and Asbestos..

If any of these materials have been used in your buildings or are located in your buildings, your insurer must be advised immediately.

Should investigations determine Hazardous materials have been identified, we ask you provide BAC with the following information.

- Manufacturer and product name
- Amount of material used (m2) and to be expressed as a % of total exterior surface
- Location of the hazardous material
- Any Reports or results of any testing
- Rectification plan – if any

If Hazardous materials have been disclosed to us, your insurance report will specify that your disclosure has either been 1. "Accepted " or 2. Your insurer requires additional information.

Insurers may increase premiums, impose special conditions, restrict cover or impose increased excesses. These will be detailed at the bottom of the quotation schedules.

ACP – Aluminium Composite Panel's

Considerable scrutiny is being applied to (ACP), due to its unusual burning behaviour and toxic release of smoke.

Due to the variety of different types of cladding, Government has put in place strict reporting procedures to ascertain the flammability and compliance of the products. Different types of products include :

PE – Polyethylene (highly combustible)

FR – Fire retardant (medium to low combustible)

Honeycomb- aluminium no core (low combustible)

The ICA (Insurance council of Australia) have also categorised ACP in Bands:

Cat A : 30% - 100% Polymer

Cat B : 8% - 29% Polymer

Cat C : 1-7% Polymer

Cat D : 0% polymer

The higher the amount of polymer the higher the risk.

Contact BAC if you require more information on ACP.

EPS - Expanded Polystyrene

EPS is known as Expanded Polystyrene or foam panelling. It is commonly used in cool-rooms, lightweight internal dividing walls or external walls of buildings.

This is a highly combustible material and must be disclosed to insurers if you have any in your buildings. Contact BAC if you require more information on EPS.

Asbestos

Asbestos or Fibro Asbestos is a HIGHLY toxic material which commonly used in buildings between 1920 and 1990 for insulation, roofing, eaves, exterior cladding, and other uses.

In 2004 the product was banned due to its dangerous qualities. Insurers are required to be notified if Asbestos is used in the construction of the building.