



INSURANCE / FSRA

Insurance policy transactions are considered by federal law as a “Financial Service”. Under the Financial Services Reform Act (FSRA), our company must be registered as an Authorised Representative of a Financial Services Licensee (in this case an insurance broker) to provide services relating to insurances.

There are severe penalties for providing a financial service without being appropriately authorised. Penalties for Corporations include fines for up to \$110,000 and/or two years imprisonment for the Directors.

Outlined below are some activities performed by your strata managing agent deemed to be a “Financial Service”:

- Completing the pre-renewal declaration, therefore updating the information upon which insurers base their renewal offers
- Discussing insurance with the Owners Corporation to ensure that the insurance fulfils legal requirements
- Facilitating the decision-making process by holding meetings or otherwise seeking instructions from the Owners Corporation about its insurance requirements
- Arranging property valuations for insurance purposes
- Acting on Owners Corporation instructions to arrange the issue of renewal of insurance
- Completing insurance applications or proposals for the Owners Corporation using the information we have about the building to be insured and its claims history
- Communicating the Owners Corporation’s insurance requirements to the insurer or broker, and
- Provide copies of the policy wording and other information regarding the insurance to the Owners Corporation on request.

Therefore, as a result of the FSRA requirements, Strata Choice can only deal with and arrange Insurances through a broker or insurer for which it is an Authorised Representative under their Financial Services Licence.

Part of the Licensee’s responsibility is to ensure that Strata Choice staff are regularly trained and systems audited to ensure they are equipped to perform their duties as Authorised Representatives.

This means that should an Owners Corporation elect to place its insurance through an alternative broker or insurer direct, the Owners Corporation will need to deal directly with that organisation as Strata Choice is not their Authorised Representative.

In most circumstances, the Agency Agreement provides delegation to the Strata Managing Agent to:

- Obtain quotations
- Obtain insurance valuations
- Provide factual and general advice relating to Insurance
- Arrange the appointment of a broker to provide factual, general and, where required, personal advice relating to insurance
- Arrange placement of insurances at the Strata Committee’s instruction

Any change in the insurance arrangements will affect the ability of Strata Choice to undertake the tasks delegated to it, so there may be a need to propose alterations to the agency agreement at the next general meeting of the Owners Corporation.

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