

Unit Owners Exposed to Uninsured Losses

By STRATA UNIT UNDERWRITERS

Quite often we receive claims from unit owners in relation to loss or damage to their contents.

Mostly these claims relate to their carpets or paint work that have been destroyed or damaged as a result of a pipe bursting inside a wall, floor or ceiling.

It is important that unit owners are aware of what items form part of a Strata Titled property (for insurance purpose) & what items do not.

In New South Wales, Victoria and Queensland, generally temporary floor coverings inside a lot (eg carpets) do not form part of the Strata Titled property and therefore are the lot owner's responsibility for insurance.

In New South Wales wall and ceiling coverings inside a lot (eg. paint) do not form part of the Strata Titled property and therefore are the lot owner's responsibility for insurance.

Other items similarly affected are such things as curtains, blinds, dishwashers, clothes dryers & non permanently fixed air conditioners. All these items are the responsibility of the Unit Owner for both maintenance & insurance purposes. It is important to refer to the relevant State Strata Legislation for guidance on what is Strata Titled property and what is not.

Of course furniture & furnishings etc. belonging to a lot owner are always the responsibility of the lot owner.

Increasingly we see lot owners not bothering to insure their property (under a home contents or landlord contents type policy) & when loss or damage occurs to their property they immediately seek to hold the Owners Corporation or Body Corporate liable.

Just because a pipe bursts or a sewer overflows causing thousands of dollars damage to a unit owners contents it does not mean the Owners Corporation or Body Corporate is automatically liable for the damage.

There has to be some sort of negligence proven against the Owners Corporation or Body Corporate for there to be any sort of potential liability.

If an Owners Corporation or Body Corporate is unaware of an issue or problem at the property (& it is unreasonable for them to be aware) then what sort of case can a lot owner prove for negligence? The lot owner will be left out of pocket unless they have their own suitable contents insurance.

Unit owners who let out their property have the additional exposure of being sued by a tenant for personal injury or damage to property as a result of the negligence of the landlord. Therefore the landlord should consider effecting a Landlord's Contents insurance policy to guard against this type of circumstance in addition to offering protection against rent default and loss of rent.