



# COMMON PROPERTY

Luke Scott – Underwriting Manager  
Longitude Insurance

# AGENDA

- Why it is important to understand your exposures
- What is common property?
- Legal obligations of the Owners Corporation
- Examples of common property
- Examples of lot owners contents
- What does my strata insurance policy provide cover for?
- Other insurance requirements?
- Takeaways

# UNDERSTAND YOUR EXPOSURES!



# COMMON PROPERTY

- Each individual owns their own lot
- Everyone in the Owners Corporation shares ownership of the common property
- The registered strata plan defines the boundaries and outlines what areas are defined as common property
- Turn the building upside down and give it a shake
- Common property boundaries of each lot are generally formed by:
  - The upper surface of the floor
  - The under surface of the ceiling
  - All external or boundary walls

# COMMON PROPERTY

- As a lot owner, you effectively own the airspace within your lot
- You don't own the main structure of the building
- The Owners Corporation is responsible for the repair and maintenance of the common property
- What is common property is not always easily defined and can differ greatly from scheme to scheme
- The strata plan and by-laws will determine what is common property and who is responsible for maintenance

# COMMON PROPERTY



# LEGAL OBLIGATIONS OF THE OC

- As an Owners Corporation you have several legal obligations
- The Owners Corporation must:
  - Properly maintain and keep in a state of good and serviceable repair the common property (SSMA 2015, Sect 106)
  - Renew or replace any fixtures or fittings comprised in the common property (SSMA 2015, Sect 106)
  - Insure the building and keep the building insured under a contract of insurance via a “Damage Policy” (SSMA 2015, Sect 160)
  - Insure for a minimum limit of \$20,000,000 for public liability insurance
  - Insure for workers compensation
  - Insure for voluntary workers cover (SSMA 2015, Sect 164)

# EXAMPLES OF COMMON PROPERTY

Generally:

- Floors, including stairways and ramps
- Boundary walls, including any door, window or any other structure within the wall
- Permanent floor coverings, including tiling, fixed floorboards or parquetry flooring (IMPORTANT NOTE: carpet within an individual lot is the responsibility of the lot owner)
- Water and sewage pipes in the common property or if servicing more than one lot
- Electrical wiring in the common property or if servicing more than one lot
- Balcony walls and doors



# EXAMPLES OF LOT OWNERS CONTENTS

Contents owned by the lot owner, such as:

- Washing machines and driers
- Refrigerators, dishwashers and appliances
- Computers, electrical or electronic equipment
- Furniture, furnishings, carpets and floor rugs
- Internal light fittings and blinds
- Paint and wallpaper in NSW/ACT and floating floorboards

HOWEVER.....

- Most strata insurance policies in NSW offer paint & wallpaper and floating floorboards as optional covers

# STRATA INSURANCE

- Common property, including common floors, walls and ceilings
- Common contents, including communal furniture, appliances and paintings
- Fixtures and fittings, including items or structures for the exclusive use of the lot owner which are fixed to the building
- Reinstatement and replacement cover for all buildings on common property
- Paint and wallpaper in NSW
- Public liability cover for common property areas, such as stairwells, carparks and pathways
- Voluntary workers cover

# OTHER INSURANCE??

- Strata insurance does not cover everything!
- Personal contents are not covered under strata insurance policy
- As an owner-occupier you should take out a contents policy to protect your personal assets
- If your strata property is rented out you should take out a landlords policy
- This will cover you for items such as blinds, carpets and rent default

# TAKEAWAYS

- Understand what your obligations are as an owner or committee member with respect to common property
- Understand what you are responsible for
- Understand your exposures
- Consult an expert – strata manager/insurance broker/engineer/risk surveyor
- As an owner you are jointly and severally liable
- Be proactive and get on the front foot
- Ignoring the issues in your building may result in financial loss for you

# THANK YOU