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YSP Podcast Transcript: 365. Insurer questions building manager | expiry of mediation | yearly valuations now recommended

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Intro: Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate and bite-sized information from an experienced and authoritative source.

Amanda Farmer: Hello and welcome. I'm Amanda Farmer and I have with me today, Reena Van Aalst from Strata Central. Hi, Reena.

Reena Van Aalst: Hi, Amanda.

Amanda Farmer: How's your week in strata going?

Reena Van Aalst: Very busy at the moment. I think all of us are pretty much going through continuation of remediation works, rain, storms, etc. So yeah, our workload is still at that high level.

Amanda Farmer: Of course, wouldn't expect anything less from you. Let's jump in. Our wins and challenges for the week. What has been challenging you?

Reena Van Aalst: This is a quite interesting sort of occurrence that's happened to matter in relation to building managers and insurance claims. So, this is the first time in my experience that an insurance company has asked for a copy of the building manager's agreement. So, what it relates to is a repair that was submitted by an owner. There was water penetration coming into the apartment and that affected the floorboards that had been installed.

The floorboard started to buckle and the building manager then attended and had a look at it and arranged for some silicon to be done within the apartment on the window frame so therefore it would try and stop the water coming in. That apparently didn't work and there was continued water coming into the apartment with the bulging of the floorboards in an area where apparently it was in the dining room.

Therefore the tenant saying it was a risk, safety risk for her because as she walked, she could trip. Anyway, so the owners corporation then asked the body manager to get a contractor out to look at it. And what he said was that it was to do with the fact that the floorboards had not been installed correctly, that the gap between the floorboard and the skirting boards was too narrow. And therefore, the water penetration had caused the floorboards to bulge and it should be cut back.

We realized that the floorboards had been installed by the insurance contractor as a result of a hot water leak. So, therefore, we thought, okay, well, obviously this wasn't the owner that installed these floorboards. It was the contractor acting for the insurer at the time. So, we contacted our insurance broker and they had another company come out and attend to inspect the floorboards.

They then said that no, the floorboards have been installed correctly. So, they did not agree with the advice from the owners corporation's contractor and said that you need to fix the windows. So, what happened was a quote was obtained from a waterproofing company and the owners corporation got another quote from another company that was doing abseiling and cleaning the windows. And they said, we can actually do the ceiling from the outside and that should stop the water penetration. And that actually did work.

The tenant had already vacated the apartment. So, the repair was reported in say March of last year and in July, the tenant had vacated on the basis that the bulge was too high, et cetera. We had also hired and paid for a humidifier to be put in to try and mitigate this. So, then the owner wrote to us and said, our tenant's gone, this is your owners corporation's issue. I want the loss of rent.

We said, okay, that's fine. Can you please provide documents to show that your tenant left as a result of this, provide your lease agreement, etc. Nothing happened. So, the apartment was empty for months and months and months. And we're thinking, it's a

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strange because the owner hasn't written to us. We fixed the issue. We asked if we could cut the floorboards and she said no. And the owner wanted the committee to actually arrange for the replacement of all the floorboards in the apartment, not just a section that was water damaged. Because what she claimed was that that would not match with the existing floorboards.

So anyway, so we, then her lawyer wrote to us and said, she said, I'm gonna get my lawyer onto this. And then we got a letter from her lawyer a few weeks later saying, you know, my client's been suffering loss as a result of the owners corporation's lack of attention to the matter. And then we received a loss of rent claim from the amount from July to, I think it was the end of last year. Anyway, we then went to our insurance broker and obviously submitted a loss of rent claim.

But what had happened was, and this is at another level of complexity, I think, which managers don't perhaps think about nor do owners corporations is that insurance renewal for this building was August and therefore a new insurer had been appointed. So, the insurer that was responsible back in March was a different insurance company to the one now responsible. Of course, they're saying now that, you know, like we weren't on notice of this, you've put this in a position of, you know, on the back foot, et cetera, et cetera.

We'll see whether we want to honour the claim and to the extent. However, they said we want to see the building manager's agreement, and I said but why? Why do you need that?

Well, we believe that he was not completing the repairs effectively, he was trying to do it cheaply and that we want to see a copy of his agreement. And I said to the broker I said no I said the building man has always acted in accordance instructions with the strata committee at no time did he ever doing on the cheap with that, or as they reported, without actually getting instructions from the committee.

So, the reason I'm raising this Amanda is twofold. One is building managers in some buildings do go off and do their own thing. And sometimes only come to the strata committee when things have escalated to a point where they actually need the committee's involvement. So, I think that's one thing I think that building managers now should think of, it's what's this into the delegation, what their agreements say and what the owners corporation should be doing in terms of managing their building managers.

The second thing is also when insurance companies change and you have a claim that is then submitted after their period of insurance has expired and then how they then conduct themselves in terms of liability, pushing things back. So, it's an interesting, I think, thing that I'm raising in terms of a challenge. It's a twofold thing. And I end up saying to the broker, no, I'm not giving you the agreement because nothing's happened in terms of the actual building manager being leaving to Nanny's duties.

But I think it's something that people don't really think about is when something goes wrong, who is going to be held responsible? What level of authority has the building manager been given? And in terms of the insurance company, what rights does the notice corporation have? When the insurer has changed and then they're saying, well, we've been notified, we weren't notified at the time, you haven't mitigated our risk, we're on the back foot now, et cetera, et cetera. So, have you ever had that happen to you, anyone that's come to you, Amanda about these types of issues where the building manager's been brought into the equation?

Amanda Farmer: I've certainly been involved in cases where lot owners are concerned, complaining perhaps about the building manager's performance. And the first protocol I always recommend is, well, take a look at that agreement and see what it is they've been engaged to do, what it is they may or may not be doing in accordance with that agreement. Your challenge definitely has a couple of layers as they usually do, Reena Van Aalst. Thank you.

I'm interested in the insurer's position with respect to disclosure, I suppose I'll call it about, about this situation. And you could probably guide me and those listening when you are placing a new insurance policy, placing an insurance policy with a new insurer. There's a form I imagine, you fill out tick boxes. There are things that the insurer, there are questions that the insurer will ask you. And are they suggesting in your case, that the owners corporation wasn't as open about this situation as it should have been? And that's the reason why they have some reluctance perhaps to indemnify the owners corporation?

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Reena Van Aalst: Now on this occasion Amanda, when the declaration was done, it was done in August 21. So, there was nothing at that time that had to be reported. This happened on March 22. However, their period of appointment as the insurer expired on August 22. So, during that period, I suppose they weren't told at the time about this water issue. However, we were waiting for the owner to come back to us in terms of what the particulars were for the loss of rent. So, we didn't actually know whether you know, she said that's why they left, but we don't know.

We also know that she was selling the apartment. So, we've got evidence of the internet inspections. One of the community members, she went to one of the inspections and the agents had said when they looked at the bulging floor, they said, oh no, the tenant had left the window open, which is why there's water damage and strata will cover it. You know, agents use the word strata all the time in that sort of way which I think I find really annoying.

But anyway, and so we knew she was trying to sell it so we thought well maybe she's selling it which is why the tenant vacated because she knew she was going to sell it. So, it wasn't really a cut and dry so had it just been you know loss of rent, etcetera, then we would have gone straight to the insurer put them on notice and said we have a potential claim, but also, we may not have a potential claim. If it's only like a month's rent, we're not going to, for \$2,000, which is even less than the excess, the rent was \$500 a week. So, the owners corporation would be happy to pay out the loss of rent at that time. It's not going to go and put the insurer on notice for a claim of that magnitude below the excess.

So, what happened was the affliction of time from July to August, that's the period that we're talking about where they weren't aware of what was happening. But again, we weren't aware of it. We were waiting for the owner to come back to us and say, yeah, I'm still claiming loss of rent. So, there was no communication from the owner. And that's why it was that July to August period where we were waiting for advice as to you know, like it's some evidence and an email or something to say that she left because it's not because she was actually selling. But she did put it on the market and then she took it off the market, I think in October. So yeah, it was a bit more complicated than that, but I suppose in a sense, I think managers sometimes don't know, when do we tell them, we have to tell them everything at the time it happens or because sometimes it may not be a claim and therefore, you know, it's one of those things where it's like bit of a catch 22.

Amanda Farmer: Hmm. And the request for documents, I wonder if an insurer is pursuant to the policy terms, entitled to access documents like the building manager's agreement and anything else that the owners corporation may hold. The insurer will often say that they stand in the shoes of the insured and it may be that there's a term there in the owners corporations' policy that permits the insurer to access those documents. I suspect if this is an ongoing discussion, you might be hearing about that at some point from the insurer as to what their rights are. Even asking them. That's something that I've learned over many years and I teach clients and strata managers. We don't know at all. We don't necessarily even as strata lawyers know all the sections of the act or relevant cases. And sometimes my position when I'm communicating with a colleague who might be representing an opposing party and they've said to me, well, Amanda, of course, you'll know that a B and C and this section and that section and this case. And I'm not shy or afraid to go back and say, actually, no, I don't. I'm not aware that that's the law. I'm not aware of that case. Please tell me more. Please point me to the section you're relying on. Please point me to the decision you're relying on. And the same applies to strata managers, committees and insurers to say, I'm not aware that you're entitled to access these documents, but if you are, please indeed point me to the source of your authority. And if that's in the policy terms, which clause of the policy terms? Great way to learn and a great way to be cooperative, to be seen to be cooperative.

Reena Van Aalst: Yes, I totally agree with that. That's a really good suggestion because when it comes to those policy documents, I mean, they're thousands of pages long, or sorry, hundreds of pages long. And that's why normally, our broker is always helping us in terms of what we need to know. So that's a really good question I should ask in the sense, you know, do they have the right to even ask that for those documents? Because, I mean, I understand why they're asking. They wanted to understand the extent of the delegation of the building manager and whether he is partly responsible for this affliction of time and this loss of rent lacerating but um, yeah, it's a really good point that you raised And I think I will go back to them and ask them like, you know, what rights do insurers have? In terms of when they stand in the shoes of the insured in terms relating to documents and other things, so yeah, it's a good one.

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Amanda Farmer: Hmm. And it is, I think overall a sign that it's becoming harder, not just to find affordable insurance for our owners corporations, but, to get claims across the line. And it's something that I'm hearing from many strata managers, many committees. I was asked just the other day in a call with one of our members, "Amanda, what's all this about? What's happening here?"

And my answer was, well, it's kind of the perfect storm of events. We've had natural disasters and changes to our environment, which is causing damage to buildings that we haven't seen before. We have aging, many, many more aging buildings right across the country that I think, at least with buildings I'm working with, I'm seeing buildings that are 30 and 40 years old and nothing's ever been done. And when nothing's ever done in a building that gets to 30 or 40 years old, there's a lot of catching up that needs to do and insurers are saying, no, we will not meet claims that are arising because of a failure to repair and maintain. That's not what we're here for. And there is a general tightening of the insurance market right across the world.

So, with all of that combined, I'm not surprised that the insurer is getting perhaps a little more active, a little more proactive in investigating these kinds of claims, whereas some years ago we may not have seen that.

Reena Van Aalst: The other issue Amanda is that if any buildings had one claim doesn't matter what the extent of it is in the busy insurance market is so tight, as you've just mentioned, it's very hard to even get insurance the following year, you'll be lucky to get the incumbent. So, they look now at your claim's history. And if there's one thing that's now going to be problematic for a building, any waterproofing issues anything, there's the insurers are saying no or they're limiting that we're getting insurance Policies for three months only until something is fixed. So, there's a general reluctance in a sense because of the insurance market is so tight It's like well, why would we want to say something to the insurer when we don't even know if it's going to be a claim? We don't know at the time that it's gonna, so the thing is that there's that sort of double-edged sword. We're worried about even being able to get insurance and then putting the insurer on notice.

And of course, we must disclose anything that would give rise to a claim, but you don't know that until, you know, the quantum will determine if it's going to be a claim. And at the time it wasn't. It was like \$2,000 in rent. It was four weeks. So, it wasn't going to be anything that they, like it's less than the excess. So why would we even bother?

Amanda Farmer: Yeah, I hear you. Yeah, really. Yeah, that's a really interesting take on it. We're being told to disclose the tiniest thing, but when we do, we put our buildings at risk of not being able to get insurance the next year. I hear you. Tough one. Nothing's easy for our strata managers. Let us know how that one pans out, Reena.

Reena Van Aalst: Yeah, definitely. I'll let you know Amanda because at the moment we've asked the insurer to enter into discussions with the lawyer on the other side. So, I'll keep you posted if anything comes out of that.

Amanda Farmer: Fair enough. Let the lawyers sort it out. That sounds like a good idea to me.

Reena Van Aalst: Yes, everyone loves lawyers. Not. Oh, sorry.

Amanda Farmer: Now I am going to come back to insurance just briefly when I share my win for this week towards the end of this chat. But for now, I'm going to share my challenge. And this is a challenge that has cropped up for many owners over many years. I think I'm asked this question regularly. It has just come up most recently inside our members' q&a forum. And it is this question,

"When mediation is unsuccessful, and a party wants to proceed to the tribunal to seek orders. What is the time limit on the making of that application, if there is one? Is it necessary to make that application to the tribunal within say 12 months of the attempted mediation session? Is it a shorter period? Is it a longer period? And if there is a period, where is that in our strata law?"

Now this is something that I looked at some years ago and as far as I'm aware, there's been no changes in this respect.

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But the NCAT registry appears to apply this rule of thumb that if you've attempted mediation within the last 12 months before you file your application, and you include evidence of that mediation attempt, then the application, assuming it's one of those applications like most of them that does require mandatory mediation, then the application will be accepted. If more than 12 months have passed, then it may not be accepted. That is not as far as I'm aware, written down anywhere in our legislation, in regulations, or in any procedural directions of the tribunal.

And the member who was posting a question about this in our forum said that they had received some guidance, I believe from a mediator, that it was essentially at the discretion of the registry and looking at perhaps the content of the application, whether or not an application would be accepted outside of that 12 months if mediation had been attempted more than 12 months ago.

And that's been my experience too. Sometimes we might try to sneak in an application shortly outside that 12-month period and it will be accepted, sometimes it won't be. And there's no real rhyme or reason to that that that I can identify. But I certainly do tell my clients that it is a good idea to diarise that date, that is 12 months from the date of your attempted mediation if you do wanna be proceeding to the tribunal. Have you got any experience of this, Reena? Any trends that you might see with these kinds of applications?

Reena Van Aalst: Yeah, Amanda, I actually have had a lot of experience with this because many years ago when I used to manage a community association that had many by-law breaches to do with the architectural code. Anytime that we'd submitted a mediation application and then let's say mediation was declined or the resident then complied and then it was all fine. And the next minute they then breached again, then we would try and submit the application after 12 months. And we always got back to mediation because it's been more than 12 months.

I mean, I didn't really know at the time that you said, like I said, Amanda, it's not the law, but I just assumed it was because I just thought that's, you know, they've told me you've got to come back. And that would have been a number of occasions. It wasn't just once. And I remember thinking at the time that we were submitting these applications, we actually had to pay a fee for mediation, which now you don't. But at the time there was a fee payable.

Reena Van Aalst: And so I'd say that community, there's no point even applying you know, for NCAT, let's just go back and put the motion for mediation, you know, pay the fee again and go because otherwise, they're going to knock it back because it's been more than 12 months. I mean, I suppose partly I can see the merit in that theoretically that well hang on 12 months have gone past why hasn't anything happened? But like I said, for reasons that people don't really think about sometimes people may comply or things can get better for a little while and then they resume.

So, I suppose there is merit in saying, well, come back again. But then again, that then sort of makes the whole process of trying to get an outcome even far longer now with mediation taking, I think three months now. Actually, I submitted applications in February and only now in May that we're getting dates. Like we actually, sorry, we've got hearing dates and the dates are happening now at the end of the month. So, it's taking a lot longer now than it used to get mediation dates set and the mediation happening.

Amanda Farmer: Hmm, definitely. Look, someone will tell me if this is in the law somewhere or recorded somewhere as an NCAT procedure this 12-month period, but whenever I've tried to find it written down as I like to do when I'm pretending to be a real lawyer, I haven't been able to find it. So, you're right that in situations exactly like the one you're articulating, it can mean that buildings and owners are being sent around in circles, especially when our mediation dates are taking so long to be allocated.

I wonder if it's a uniquely New South Wales thing. I happened to be involved in a case in the ACT recently, which is ongoing. And I was quite surprised when an application for an interim order was filed and a hearing date was set within three days. And I went, wow.

Even in New South Wales, when we file an application for an urgent interim order, we're looking at hearing dates possibly seven to 14 days out. A hearing date within three days was very impressive. And I'm not sure what their mediation system is like. But I do

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think just the number of matters that are coming before our mediators and our tribunal here in New South Wales is overwhelming the system.

Reena Van Aalst: Yeah, I agree, Amanda. I mean, I spoke to some of the men that I've known for like over 20 years and they said to me, Reena, like, it's just they've also moved them now to Paramatta because I've got a tiny office. They were in the city years ago and then they've been moved out there and they've got half the space and that's why most of the mediation now it's still it's still on the telephone. It's not even in person anymore. I think I've been turning one in person or two.

Amanda Farmer: All of them are. Yeah, I don't think it's possible here to attend a mediation in person. It's all by phone, which is odd. I understand phone appearances for directions hearings. And we do that by video link as well in New South Wales, we certainly have hearings in person, but mediation is one of those things where you really do want to be sitting across the table from somebody and you want them to be you're an owner, you want to be able to express what you've been going through or how it is this particular situation is impacting you. And I'd be interested to know if the success rate for mediations has changed when we had this shift to phone, which happened, of course, with the onset of the pandemic and hasn't moved back, I suspect, because of, staffing and space issues. Not much space out there in Parramatta. I remember being out there years ago. It's a tiny little office.

Reena Van Aalst: But I don't know why Amanda they don't use like, not Zoom or they've got their own equivalent, as you know, the NCAT has a different system that they use. But I don't know why they don't use that because the other issues that you don't see the body language like I had one just last week. And it was a father and son, but I don't really know if that's what the father was saying or, you know, because he's in the background. And even though I consented to the son helping the father, I don't know whether the father was agreeing or the son was trying to get involved and put his sort of, you know, take on things. But it was a video conference. I'd be able to see, you know, the father, the son, the body language. But on the telephone, all that's also gone.

Amanda Farmer: Hmm, very true. Yep. Well, we shall see reach out if you have any insight on this mysterious 12-month period that the registry seems to apply for the acceptance of tribunal applications after mediation. And indeed, if you're involved in mediation, it hasn't been successful in your thinking you might maybe not right away, but eventually need to proceed with a tribunal application and you're in New South Wales put that 12-month deadline in your diary. It does come around quickly, you know, busy lives.

Reena, do you have a win for me this week?

Reena Van Aalst: This is back to the insurance thing, Amanda and this is now relating to valuations. And I think this is our insurance sort of episode. So I went to a recent seminar that SCI put on in terms of under insurance and being able to understand the risks with building valuations and under insurance. And the takeaway, I think, for me, now that the legislation doesn't provide any guidelines as to when a valuation has to be done before it used to be three years. Now it talks about damage etc. So, I won't go into that in detail at this point but just to say that they had mentioned that there were four claims in the last two years where the building sum, in short, had been exhausted even though there was a partial claim of the building so, therefore, there was a fire but only half the building had been actually demolished and affected.

So, people at AGMs trying to say, oh, why should we have an evaluation, you know, like, you don't, it doesn't say we have to have it every year, etc, etc. The insurance companies and brokers have now recommended that every building due to the rising building costs, have a building valued. And also, at this seminar, they talked about looking at the PI insurance of the valuer and what experience they had in valuations because people don't understand that when you value a building, it's not just sort of replacing the building, but it's also removal of debris, council delays, permits that are required, especially if it's in a busy location or on the main road, obviously you need permits, you need to close the road. All those things add up, Amanda. And I think trying to use those examples has really helped us try and explain that the evaluation is more than just a figure. It's your building, even though there could be a fire and it may not be totally damaged, the buildings I'm insured now, if it's not correct, may, this may be exhausted.

In this particular incident that they talked about it with an industrial complex. And it was just, I think, a modem caught fire and, you

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know, basically, half the building was demolished and affected. Because of the building, so I'm sure it has been exhausted. It means now that the owners have to have to put in \$100,000 each to meet the gap. So, I think sometimes people don't really understand that, oh, in valuation, why do we have to do that? Why are we paying this? But when you look at the potential, I mean, a lot of our buildings, even year on year that had an evaluation done last year, some of them have gone up by 20% the buildings I'm insured. Now that's obviously resulted in an increase in their premium. And to me, people think, oh, you know, insurance, you know, a lot of people think that it's not value for money.

But when something goes wrong, and you've got to fork out \$100,000 each. Also, they talked about zoning changes that could occur. Many, many things can happen actually in terms of risk and having a valuation done by someone who's insured and done correctly is really important. When you think about it compared to a house, if you divide the insurance premium divided by the number of owners, it's still cheaper than owning a house in terms of insurance premiums. I think sometimes the lot owners forget that and I sometimes even forget that myself because you look at a figure on your expenses, you think oh my god, you know, 50,000, 30,000, 100,000, whatever that figure may be. But when you divide it by each lot owner, think about the value of your apartment and how much you're paying in insurance, and it's usually not that much.

Amanda Farmer: Yep. So was the suggestion that you heard at this SCI event that buildings should be getting valuations every year or every three years, which used to be the law?

Reena Van Aalst: Every year.

Amanda Farmer: Every year. Okay. Wow.

Reena Van Aalst: And that's what the insurers now are recommending to, Amanda like they're recommending that all the brokers at CHU put out a big email out, all the brokers are sending out emails to all their clients saying that this is now the recommendation due to the high costs of a building.

Amanda Farmer: Hmm. And you're right that in our New South Wales legislation, there is no longer a legal requirement to have a valuation done over a certain time period. The relevant sections, if anyone's interested in going to have a look at them, I set out in part nine of our New South Wales Strata Schemes Management Act, and also go over and have a look at the part six of the Strata Schemes Management Regulation.

And from what I can read here, Reena, your reference there to the value of being properly qualified and insured is important because I don't think there's even a statement in our legislation now that the estimates that are done for the purpose of your damage policy need to be put together by a valuer or a person with a certain qualification. I can't see that word here as I quickly scroll through these sections. There are definitely some detailed requirements about what needs to be looked at and how you calculate your insurance limit under your damage policy, to use the words in regulation 39, but there's no requirement that that be done by a qualified person. So, this reminder to make sure that your valuer is experienced, is insured, and knows what they're doing is a really good one.

Reena Van Aalst: Yeah, and also like valuing, like a three-story walkover is different to valuing a, multi-tiered, commercial, retail, residential, type of development and they're very different types of valuations.

Amanda Farmer: Yep. Very true. Thank you for sharing that industry insight there for us, Reena. And when you said SCI, if anyone's wondering what that acronym is, that is Strata Community Insurance, one of the big insurers in our space, Paul Keating, who leads the SCI team has been a guest on the podcast a number of times previously. So, shout out to the SCI team. I know many of them listen.

My win for this week, Reena, relates to a strata manager who, with the support of an owners corporation at a general meeting has agreed to and is currently undertaking all functions of the strata committee in the absence of any committee members. So, I raised

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this is for two reasons. I've raised it as a win because the person who was relaying this story to me said, Amanda, this was such a relief for all owners present at this AGM that they have a professional strata manager who's willing to undertake these functions.

And secondly, I raise it because it's a topic that we discussed a couple of weeks ago over on the Your Strata Property Facebook page on one of our Friday lives, I was asked the question, Amanda, what happens if there is no strata committee elected or if there are no office bearers elected by a strata committee? What role does the strata manager have? And in that chat, which I'll link to in the show notes for this episode or head over to our Facebook page, you'll see the replay there in the video library.

In that chat, I explained that if a strata manager has an agency agreement with an owners corporation, very often they have the delegated authority to carry out functions of the strata committee and carry out functions of office bearers. And our New South Wales legislation does contemplate that if no strata committee is elected, then the strata manager, if there is one, is the person who carries out the functions of the strata committee going back to the general meeting only for those situations where general meeting approval is expressly required.

And this situation arose for the person I was talking to because nobody wanted to be on the strata committee because the insurer would not provide office bearers liability insurance. So, we're back to our insurance quandary. And I know you and I Reena have spoken specifically about this situation where the office bearer's liability insurance is not available or is only available for a short period of time because of some issue. Sometimes legal claims that are going on within the building. And because of the lack of insurance, owners, I guess understandably, are not willing to put their hands up to be on the committee.

So, this community was very distressed by that fact. And the Strata manager stepped in and said, look, if nobody's nominating for the committee, you won't have one, but I as the strata manager have delegated authority to exercise these functions. I will do that professionally in accordance with my experience and my knowledge, coming back to the owners corporation for resolutions where I need them, but I'm happy to do that. And apparently, everyone in the room was very relieved by that and very happy that that was the case. And it was an interesting take, I think, on the model of how we manage owners corporations and what it is to be a strata manager, the importance of that role, I think for some communities and the importance of making sure that person is the right person for the job because they can have some pretty serious powers.

Reena Van Aalst: Yeah, it's very interesting Amanda, because you and I did have this definite discussion on one of our episodes on the podcast about the building that had the same issue in that we manage. And obviously, the agency agreement that they have must allow them to take on more functions. Because the same building that I mentioned to you earlier, where their office bearer's liability was reduced, not eliminated totally. And advice had come through for the scheme that basically, as long as they were acting in good faith and the owners corporation, the statute would obviously give them some benefit and comfort in terms of their function. So, they came to me just this week and said, oh, we don't want to be on the committee. So, what happens if no one's on the committee? I said, Well, I just can't manage your building because under our agency agreement, we don't we'd have to put in a new agency agreement. This is the day of the AGM. And secondly, I really don't want to have that power, to be honest. I think some managers are happy to have that authority. But yeah, because we've got like one example that we had on the agenda was lift replacement, like, and I don't want to be given that responsibility when the lift consultant is saying it needs to be replaced, and they're all worried about the cost. So, I'd rather make the decision. So yeah, I think it's great that your manager felt that obviously it was within there with their authority, based on their agency agreement, and they were happy to do it. And that was a great win-win. When I told them that I couldn't manage it and they all sort of, we had a committee of four now so that was good.

Amanda Farmer: Yeah, that's one way to get them onto the committee. I'm out of here if you're not on the committee.

Reena Van Aalst: Exactly, that's right.

Amanda Farmer: Yeah, I mean, I do wonder if we'll see more of this as the problems that are facing some of our buildings are becoming more complex, more serious. And I find certainly in my life that I know my fellow committee members and owners that I work with our lives are busier than ever. And we've got our own professional commitments, we've got our focus on other things.

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Devoting time to committee responsibilities is a big ask for most people to be doing that on a volunteer basis and where you are willing otherwise to pay for a professional to do it, whether that's a strata manager, building manager, onsite concierge, whatever service it is that owners can tap into to take the burden off them. I think we're seeing more of that happening and this concept of not having a committee at all and leaving all of that up to your strata manager may will become a popular one.

Reena Van Aalst: Yeah, sounds like it. I mean, I think also, what people don't realise is that, when community members give up their time volunteering, that is a cost. So, in a sense, someone is paying, this is a very few number of people that are paying. And the second thing is that most of them, most of my community said, I mean, it's such a thankless task because in a sense, when something goes wrong, you know, or they don't understand, like, the complexity of some situations or events that are happening, and why there's especially like with legal issues, for example, sometimes I don't understand the repercussions of legal matters and when costs have escalated or there's been, you know, a win or, you know, or even to do with like this insurance matter that I'm talking about earlier as a challenge, you know, how would my committee know or understand like, whether or not they should let the insurer negotiate on its behalf, because insurers usually are trying to mitigate, you know, their losses and therefore, is that going to be in our owners corporation interest?

And again, like the complexity of matters now, especially with like you know more loss of rent claims more like I said earlier, the storms and the weather we've had and you know repairs taking longer to be undertaken, I've never seen something loss of rent claims as I have in the last you know two or three years because of the fact that COVID, the builders, and people say oh that's just an excuse but I mean and the day when you can't get people to do the work then you know it may or it may not be an excuse but it's reality.

So I think committees now are facing far more challenging things that they have to deal with. And some of it is really out of their depth. And having someone like a strata manager who's willing to take that on for them is a real plus, I think. And that really, to me is everyone's contributing to the cost, equally based on the obviously, the unit entitlement, whereas when few are doing it, it's really skewing the whole relationship in terms of really, what is it really costing to manage this building, because only a few people are putting all these hours of their time, and that's funding the balance.

Amanda Farmer: Hmm. Yeah, that is a really good way to look at it, Reena. I like that perspective. And I suppose it all comes down to the trust you have in your strata manager, their level of skill, their knowledge, their experience. If they are that trusted professional advisor, they've proven themselves. I see it as a very attractive option as a busy committee member. I see it as a very attractive option. I'm sure I'm not the only one out there.

Thank you for sharing your challenges and your wins with me this week. Reena Van Aalst, I'll send you back out into your busy week in strata.

Reena Van Aalst: Thanks so much Amanda, have a good week!

Amanda Farmer: You too look forward to catching up with you next time.

Reena Van Aalst: Bye.

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