

## Insurance

### Frequently Asked Questions (FAQs)

#### **What is the reason for changing the way the AHO and ACHPs/CHPs handle insurance?**

Feedback from our providers over some time has highlighted the growing cost of insuring AHO properties. The AHO has been working on a sensible reform to this area, and as outlined at the Dubbo Sector Visioning Workshop (May 2022), the changes met with widespread support.

Our work revealed that ACHPs/CHPs are insuring properties up to the total asset value – full replacement cost. This has been a standard requirement for both ACHP's and CHP's managing AHO properties. This is both costly, and at times, difficult to secure.

#### **What are the changes and how does this impact ACHPs/CHPs?**

From 1 July 2022, ACHPs/CHPs will only need to take out building insurance coverage up to the first \$250,000 loss (excluding GST – so \$275,000 including GST) per property for AHO owned properties.

For claims that exceed \$250,000, the ACHP/CHP building insurance coverage will be expected to fund that first \$250,000, and the AHO Government insurance scheme (iCare Treasury Managed Fund) will cover claimable amounts over that.

#### **Will this benefit ACHPs/CHPs financially?**

The modelling we have undertaken has shown the new model has produced significant savings against properties insured vs the old model.

#### **Is this new approach a co-insurance model?**

No. It is important to note that this approach is NOT a co-insurance approach for claims under \$250,000. ACHPs/CHPs will have full responsibility for claims and excesses under \$250,000.

#### **Do I have to note the AHO as an interested party on the policy?**

Yes. It is a requirement to note the AHO as an interested party on your policies.

**Do I still need to advise the AHO of any claims or damage to the properties I manage?**

Yes. The requirement to immediately advise AHO of any claims or damage remains, as does the AHO's right to determine the method of major repairs or rebuild of these AHO properties.

**My insurance renewal is not yet due. Do I have to wait until my current policy expires before I implement this new model?**

Not necessarily. The recommendation is to speak with your current insurance broker to understand how this can be actioned mid insurance cycle. Each insurance provider has differing clauses and we encourage you to speak with them about your options.

**Am I still required to provide cover for Worker's Compensation, Public Liability and Professional Indemnity?**

Yes. The change in insurance model is related to building insurance only. ACHPs/CHPs are still required to provide cover for Worker's Compensation, Public Liability and Professional Indemnity.

**Alongside this new building insurance model, am I also required to provide cover for contents insurance?**

No. This remains the sole responsibility of the tenant.

**If a property is damaged structurally by an event listed in the insurance policy who funds the repair/replacement?**

Any claim that exceeds \$250,000 in total will be covered by the AHO. For claims under this amount, it will be the responsibility of the ACHP/CHP to claim through their insurance provider and complete repairs. The structural repair liability for the AHO in the Asset Management Framework (Clause 3.4 Structural Repairs) only relates to structural repairs not claimable under insurance, e.g. foundational movement.

**At what point is the ACHP/CHP required to insure the AHO properties they manage?**

Immediately. It is the responsibility of the ACHP/CHP to insure the AHO properties they manage as soon as they are handed over from the AHO. This includes Provider Management Transfers (PMT).

**One (or more) of the AHO properties I manage is considered a granny flat. Do I need to insure these separately?**

Yes. The AHO considers granny flats as separate dwellings and are therefore insured separately. ACHPs/CHPs are responsible for insuring these dwellings as per other AHO managed properties.

**What is the requirement for insuring a block of units that I manage?**

Each unit is considered a separate dwelling and is therefore required to be insured individually up to the first \$250,000 loss (excluding GST – so \$275,000 including GST).

**My current agreement is void of any building insurance requirements. Does this new insurance model apply to me?**

Yes. The soon to be released Common Terms and Conditions agreement will replace the current array of contracts in place for AHO properties and will reflect this change to insurance. ACHPs/CHPs are encouraged to move to this new insurance model prior to the new agreement as it will be mandated in the new agreement.

**We have different agreements with the AHO for management of AHO properties such as Employment Related Accommodation and Affordable. Does this new insurance model apply to all of these?**

Yes.

**Do I have to provide the AHO confirmation of building insurance for the AHO properties I manage?**

Yes. Once you have procured the building insurance for the AHO properties you manage, these details are to be sent to your regional AHO office:

Northern Region - [northerncompliance@aho.nsw.gov.au](mailto:northerncompliance@aho.nsw.gov.au)

Sydney South East Region - [ssecompliance@aho.nsw.gov.au](mailto:ssecompliance@aho.nsw.gov.au)

Western Region - [westerncompliance@aho.nsw.gov.au](mailto:westerncompliance@aho.nsw.gov.au)

**Who can I contact if I have any questions?**

You can contact your regional AHO office:

Northern Region - [northerncompliance@aho.nsw.gov.au](mailto:northerncompliance@aho.nsw.gov.au)

Sydney South East Region - [ssecompliance@aho.nsw.gov.au](mailto:ssecompliance@aho.nsw.gov.au)

Western Region - [westerncompliance@aho.nsw.gov.au](mailto:westerncompliance@aho.nsw.gov.au)