Aboriginal Housing Office

NSW GOVERNMENT

# Insurance

## Frequently Asked Questions (FAQs)

Feb 2024

### What is the reason for updating the AHO's approach to property insurance?

The AHO has reviewed its approach to property insurance options to help address increasing premium costs.

The AHO understands the concerns that increasing property insurance premiums can cause. As such, we met with iCare to get NSW Treasury's guidance regarding property insurance. We also consulted insurance brokers to better understand the property insurance landscape and got competitive quotes for the AHO properties you manage.

Flood cover is currently an optional premium for providers who manage AHO properties. If flood cover is in place, this cost is paid for by providers.

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

From 1 March 2024, ACHPs 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, with Flood Cover being optional.

For claims that exceed $250,000, the ACHP 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.

The new Common Terms and Conditions (CTC) Lease Agreement will reflect the new optional Flood Cover arrangement.

### Will this benefit ACHPs financially?

The AHO will now take responsibility for flood cover costs for its properties from 1 March 2024. Flood cover will continue to be an optional element of your property insurance.

Sharing the cost of your property insurance premium – with the AHO responsible for the more expensive flood cover component – allows you to continue having an investment in the success of your property portfolio.

As a provider, you will continue to maintain property insurance to cover the first $250,000 of the value of the property.

### 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 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.

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### 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 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 required to insure the AHO properties they manage?

Immediately. It is the responsibility of the ACHP to insurance 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 are responsible for insuring these dwellings as per other AHO managed properties.

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**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 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

Sydney South East Region – ssecompliance@aho.nsw.gov.au

Western Region – 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

Sydney South East Region – ssecompliance@aho.nsw.gov.au

Western Region – westerncompliance@aho.nsw.gov.au

You may also direct your questions about what this update means for you and your portfolio to the CTC team on insurance@aho.nsw.gov.au