



**Aboriginal  
Housing  
Office**



# Property insurance update for ACHPs

July 2024

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

The Aboriginal Housing Office (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 Council Australia (ICA) and insurance brokers to better understand the property insurance landscape 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?

ACHPs are required to take out building insurance coverage (with optional flood cover) for repairable damage or reinstatement up to \$250,000 (excluding GST – so \$275,000 including GST) per property for AHO-owned homes but declaring the full replacement value to the insurer.

ACHPs will have full responsibility for claims and excesses under \$250,000 (excluding GST – so \$275,000 including GST).

AHO will have full responsibility for the full repairable or reinstatement cost, for claims and excesses over \$250,000 (excluding GST – so \$275,000 including GST).

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

## Will this benefit ACHPs financially?

Sharing the cost of ACHP's 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.

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 ACHP's property insurance.

ACHPs are required to take out building insurance coverage (with optional flood cover) for repairable damage or reinstatement up to \$250,000 (excluding GST – so \$275,000 including GST) per property for AHO owned homes. ACHPs will not be required to lodge claims to its insurer for repairable damage or reinstatement above \$250,000 (excluding GST – so \$275,000 including GST).



AHO will have full responsibility for the full repairable or reinstatement cost, for claims and excesses over \$250,000 (excluding GST – so \$275,000 including GST).

### Who can I insure with?

ACHPs can seek insurance cover with an insurance company on the Australian Prudential Regulation Authority's (APRA's) Register of Authorised Insurers or financial protection with a Discretionary Mutual Trust (DMT) who holds an Australian Financial Service License (AFSL).

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

No. It is important to note that this approach is NOT a co-insurance approach. ACHPs have full responsibility for claims and excesses below \$250,000 (excluding GST – so \$275,000 including GST) respectively. Claims greater than \$250,000, will not require ACHPs to lodge a claim.

### 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.

Incident and insurance claims can be reported via the My Request on the Ngamuru Provider Portal homepage.

### 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, insurer or DMT to understand how this can be actioned mid insurance cycle. Each insurance / financial risk protection 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. Unless it is agreed otherwise between the tenant and the ACHP.

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

ACHPs will have full responsibility for claims and excesses under \$250,000 (excluding GST – so \$275,000 including GST).

AHO will have full responsibility for the full repairable or reinstatement cost, for claims and excesses over \$250,000 (excluding GST – so \$275,000 including GST).



### At what point is the ACHP required to insure the AHO properties they manage?

Immediately. It is the responsibility of the ACHP to insure the AHO properties they manage as soon as they are handed over by the AHO. This includes Property 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.

### What is the requirement for insuring a dwelling registered under a Strata Title Plan that I manage?

The ACHPs should take out building insurance per dwelling and note the interest of the owner's corporation.

### My current Management 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. Insurance confirmation or certificates can be submitted via New Request on the Ngamuru Provider Portal homepage.

#### Contact us

**For more information 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)

Or **email our Insurance team** with questions about what this update means for you and your portfolio to [insurance@aho.nsw.gov.au](mailto:insurance@aho.nsw.gov.au).

