

BCCM Fact Sheet – Tips to reduce insurance premiums

Reducing premiums

One of the biggest challenges faced by bodies corporate are the costs associated with taking out an insurance policy. The insurance issues for bodies corporate in North Queensland are exacerbated because of where they are located – namely, in a region which is historically more susceptible to cyclones and other severe weather events.

The Office of the Commissioner for Body Corporate and Community Management is not able to provide any information to bodies corporate on how to reduce their premiums however, the [Insurance Council of Australia](#) provides the following information that bodies corporate may wish to consider when it comes to thinking about their premium or premium renewal.

Talk to the insurer about how a body corporate can lower its premium

Those organising the insurance for the body corporate may want to contact their insurer to discuss any options for reducing their premium.

Replacement value

Sometimes insurance companies increase the value of a building each year on the body corporate policy. The body corporate must conduct an independent valuation of its buildings at least every 5 years. Over a number of years this automatic increase in value imposed by the insurer may exceed the correct independent valuation of the body corporate buildings. The body corporate may wish to correct the valuation with the insurer which may reduce the premium.

Increase the excess

If the body corporate makes a decision to increase the excess payable on a claim, the insurer will often lower the premium of the policy. Raising the excess indicates to the insurer that the body corporate will not lodge claims for any damage less than the excess. The body corporate should ensure they have enough funds available to cover the cost of any repairs (that the body corporate is responsible for) below the excess.

Shop around

Make sure you research what other insurers have to offer your body corporate. A body corporate should shop around to compare the cost of premiums from other insurers. If you use a broker, ensure they are sourcing numerous quotes each year. That said, just because a policy is cheaper does not mean it is superior. Always compare the coverage of available policies and ensure the policy suits your needs.



Making changes to reduce the risk

You may be able to demonstrate that the body corporate maintains property to minimise potential risks, such as:

- cutting back or removing overhanging trees that may fall on a building and damage it
- ensuring gutters are regularly cleared to drain water away from the building to reduce the risk of storm damage
- regularly maintaining roofing to resist major damage by removing rusted or structurally unsound sections
- having a building inspector, engineer or timber expert conduct regular inspections of insured property and buildings.

Commissions and benefits

If another party takes out insurance on behalf of the body corporate, such as a broker or a body corporate manager, they may receive a commission or other benefits. If that is the case, they must disclose this information before the body corporate enters into the contract.

A single policy vs multiple separate policies

The body corporate is required to take out multiple insurance policies. They may be able to combine these into one insurance policy package for the body corporate and, as a result, reduce the premium.

Ask the insurance company if the body corporate qualifies for discounts

Some insurers provide discounts if the body corporate has not made any claims.

Obtaining insurance from an overseas-based provider

If your broker cannot find any insurance for the property in the Australian market, they may be able to seek coverage from overseas markets.

Paying insurance premiums in one lump sum

Paying the premium in one lump sum, rather than by instalments, is usually a cheaper method.

Important information

Neither the Office of the Commissioner for Body Corporate and Community Management (the BCCM Office) nor the Insurance Council of Australia (the ICA) can guarantee that by doing any or all of these things, a premium will reduce, or by how much it might reduce.

General information about insurance can be found on the ICA website at www.insurancecouncil.com.au.

The BCCM Office provides information on the *Body Corporate and Community Management Act 1997* (BCCM Act). General information about most body corporate topics can be found on our website at www.qld.gov.au/bodycorporate, including information about [body corporate insurance](#).

You can also contact our Information and Community Education Unit on 1800 060 119 or in writing at www.qld.gov.au/bodycorporatequestion.

