

## GUIDE TO THE INSURANCE CLAIM'S PROCESSES

### *DISCLAIMER*

*This is a guide, it is to be followed when claiming against the joint (combined) policy of the scheme. Whilst every effort has been made to cover the day to day claims experienced by Intersect across all schemes it administers, variances do occur as not all policies are the same and every insured event cannot be foreseen or accounted for herein.*

### **SECTIONAL TITLE:**

Insurance is a legal requirement in terms of the Sectional Titles Schemes Management Act and its applicable regulations ("the Act"). The trustees are required to ensure that insurance is in place.

Every owner in the scheme, by default, pays part of the cost (premium) of this insurance and the premium is included in the budget for the scheme, however, where the replacement value of a specific unit has been increased beyond that provided for by the trustees, usually at the request of the owner or bondholder, an additional premium will be payable and recovered from the owner concerned.

Generally, the policy covers the body corporate for the full replacement value of all or any of the sections and the common property in the scheme.

The purpose of sectional title insurance is to protect against loss due to a sudden and unforeseen event - not due to ordinary wear and tear or damages that occur over a period of time or due to poor design or construction.

Sectional title insurance does not cover the contents, personal belongings or movables - even if these are lost or damaged due to one of the 'insured events' covered by the policy. Owners and/or tenants need to take out their own, individual, insurance policies to cover such items.

### **So what's insured?**

In general:

- The building(s)
- The common property
- Fixtures and fittings, including within sections
- Hot water installations

A MEMBER OF THE SPIRE PROPERTY GROUP

- Any other peril resolved by the members of the body corporate or the holders of mortgage bonds, provided the requisite rules are applied

### Against which insured perils?

In general:

- lightning, explosion and smoke;
- riot, civil commotion, strikes, lock-outs, labour disturbances or malicious
- persons acting on behalf of or in connection with any political organisation;
- storm, tempest, windstorm, hail and flood;
- earthquake and subsidence;
- water escape, including bursting or overflowing of water tanks, apparatus or pipes;
- impact by aircraft and vehicles; and
- housebreaking or any attempt thereat
- any other peril resolved by the members of the body corporate or the holders of mortgage bonds, provided the requisite rules are applied

Other cover, such as public liability, trustee liability, employer's liability, machinery breakdown, loss of money, the cost of alternative accommodation or loss of rent for owners whose properties are uninhabitable for a certain period, demolition costs, inflation and escalation and VAT may also be included.

### Who pays the excess?

Basically, if the claim is for loss or damage to common property then the body corporate pays the excess. If, however, a claim is made for damage or loss to any part of any section, then the owner of that section is liable for an excess.

Excesses vary from policy to policy are negotiated with the broker/insurer at renewal.

### Do I pay an excess even if a 3<sup>rd</sup> party is to blame for the loss or damage?

Yes.

The Act states the following regarding excesses:

#### ***Regulation 23(2)(b):***

***A member is responsible –***

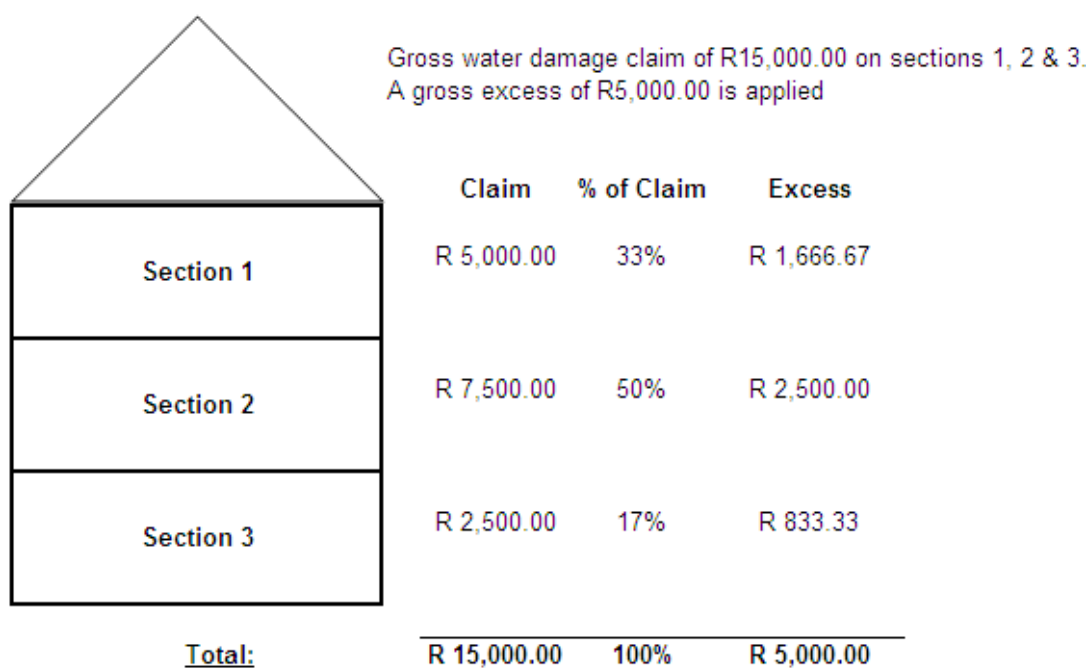
***(b) for any excess amount that relates to damage to any part of the buildings that member is obliged to repair and maintain in terms of the Act or these rules.***

Should an owner believe that the loss or damage was caused by a 3<sup>rd</sup> party, even if that 3<sup>rd</sup> party is the body corporate, and that the excess should be covered by same, this argument will not be resolved by Intersect and or the Trustees. The excess remains applicable and payable by the owner, in terms of the above regulation, and remedy, if any, may then be sought, separately, and directly by the owner against the party(ies) concerned.

**What if several units are damaged in one insured event?**

As per regulation 23(2)(b), each owner will be liable for an excess. However, the insurer may apply a single, or gross, excess, in which case the discretion of the trustees may be called upon. As a rule of thumb, though not regulated, the ratio of each owner’s individual claim to the total claim for the event may determine the quantum of the excess to be applied, i.e. the total excess applied will be split amongst the affected owners in proportion to the value of each owner’s claim.

**Example:**



**HOMEOWNERS ASSOCIATIONS:**

Insurance is covered under the Constitution or Memorandum of Association, and any applicable regulations or rules thereto. The trustees are required to ensure that insurance is in place for the common property, only.

Every owner in the scheme, by default, pays part of the cost (premium) of this insurance and the premium is included in the budget for the scheme.

Generally, the policy covers the Homeowners Association for the full replacement value of the common property in the scheme.

Each owner is responsible for the insurance, both house-owners and house-holders insurances, for his or her erf, including any development thereon.

**Procedures (for all but common property claims - which are facilitated by Intersect on behalf of the body corporate):**

**1. Loss (theft):**

2. The owner must report the matter to SAPS and a case number must be obtained;
3. The owner must claim within 30 days' of the event;
4. The owner must complete the attached claim form;
5. The owner must obtain 2 quotes for the replacement of the goods and attach same to the claim form;
6. The owner must submit the claim form to Intersect at [infoct@intersect.co.za](mailto:infoct@intersect.co.za)

**7. Damage (other than emergencies):**

1. The owner must claim within 30 days' of the event;
2. The owner must complete the attached claim form;
3. If applicable, the owner must report the matter to SAPS and a case number must be obtained (i.e. forced entry);
4. The owner must obtain 2 quotes for the replacement of the damaged goods and attach same to the claim form;
5. The owner must submit the claim form to Intersect at [infoct@intersect.co.za](mailto:infoct@intersect.co.za)

**8. Damage (other than emergencies):**

1. The owner must claim within 30 days' of the event;
2. The owner must complete the attached claim form;
3. If applicable, the owner must report the matter to SAPS and a case number must be obtained (i.e. forced entry);
4. The owner must obtain 2 quotes for the replacement of the damaged goods and attach same to the claim form;
5. The owner must submit the claim form to Intersect at [infoct@intersect.co.za](mailto:infoct@intersect.co.za)