

## What might you expect from the Insurance Industry if your building contains cladding.

**In the wake of the tragedy of the fire in Grenfell London, both the Insurance industry & Governments awareness and responses to this type of building material has become much more in the spotlight.**

- Gaining greater attention & scrutiny by major strata insurers who have the biggest exposures
- It's generally not known by owners/tenants what the building materials are made of and if there are any exposures within the complex, however, it is important to note that if your building has cladding it does not necessarily mean the building is unsafe to occupy. A number of safety features in buildings protect occupants from fire. If a building has external wall cladding that does not comply with the building code of Australia, it may still be considered safe to occupy because of the presence of these other safety features, which may include automatic fire sprinkler systems and construction of internal walls to prevent the spread of fire & smoke within a building.

Fair Trading bodies across Australia have announced that they are taking action concerning Non-Compliant cladding.

These matters include:

- A specialist unit conduct audits and issuing orders against owners of buildings to remove non-compliant cladding materials.
- Requiring annual fire safety statements to report on the existence of such cladding.
- Prohibiting the supply of such materials into the state.

### LESSONS EMERGING

- Post Lacrosse Docklands it became apparent that materials allegedly contributed to this fire.
- Victorian Government audits of 170 properties found a significant number exposed, the rate of non-compliance was 51%. Fortunately only one other building required an immediate emergency order to be issued.
- Your best course of action is to be prepared. If you know your building has cladding or suspect it may have, find out more details; who is the manufacturer? Brand? Type of Cladding? Work with Committee's/ Owners and Strata Managers to be at the forefront here.
- A major factor considered by insurers is a recognition that you are proactive in minimising your own risks and not solely relying on an insurance company if anything goes wrong. Every business with this type of building material should have a carefully created Risk Management plan for the building and the associated operations.



We would recommend the following;

1. Amend briefs to the consultants who prepare the annual fire safety statements to ensure reporting on non-complying aluminum cladding and provide with that brief the appropriate materials from Council's records.
2. If it is known or suspected, disclose the existence or potential existence of any non-complying aluminum cladding to the strata scheme's insurer and seek confirmation of continuation of cover.
3. Council records may indicate details of the type of cladding installed and the manner of installation.
4. Organise an independent audit and risk assessment to be conducted by a qualified expert to help identify the nature of the aluminium cladding used, its fire resistance properties and the fire risk associated with the cladding taking into account all fire control measures in the building.
5. Seek an expert's opinion on the best method available to make the building safe and to provide a scope of works for the replacement of those materials.
6. Consider if planning authority's approval or an order from Council is required to be able to perform those works.
7. Obtain legal advice on who is liable to pay and whether or not it is too late to commence proceedings to obtain rectification or orders for damages. There could be numerous parties who are liable, such as, designers, developers, builders, subcontractors, manufacturers, importers, private certifiers, Council and insurers. There may be different deadlines that apply in different States of Australia, so check this with appropriate authorities.



**Contact your Strata Manager or Body Corporate Brokers (BCB) for further guidance if required.**

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