

FREQUENTLY ASKED QUESTIONS

SECTIONAL TITLE (BODY CORPORATE)

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Q: “Is there cover for my geyser?”

A: Yes, there is cover for the geyser for your specific unit on the complex’s insurance policy schedule. The cover is in place for the replacement of the geyser and – dependant on the policy schedule – there is also cover on various components inside the geyser such as the thermostat, element, pressure valve and safety valve.

Q: “Do I need to get quotations to replace my geyser or get a repair completed on my geyser?”

A: No, a geyser event is deemed as an emergency and can be attended to with immediate effect. Due to the change in legislation and the limits applied on the various policy schedules, this may include the relocation of the geyser if required due to compliance. It is always wise to ask the plumber for the amount they will charge for the necessary repairs to ensure that you as the owner will not be caught out by a large shortfall should the invoice exceed the limit in place.

Q: “What is an excess and who is liable to pay the excess?”

A: An excess is the first amount payable by the person that submits the claim in the event of a loss. It is the uninsured portion of your loss, so when you submit a claim, you will have to pay an excess.

The insurance company will reduce the amount that is paid to you as the claimant for any valid claim by the amount of the excess as shown in the policy schedule.

If the cause of the damage originated from your unit, then you as the owner will be liable for this expense. If it originated from another unit or the common property, this can be claimed against the responsible party, however, this is for you as the owner to handle directly with these parties.

Q: “What is a Short-Fall on a claim?”

A: A deficit of something required or expected and the quantity or extent by which something *falls short*. *What this means is if the invoice exceeded the limit of indemnity that was payable by the insurer, then the amount over the limit is considered as the shortfall amount and this is for the owner’s own expense.*

Q: “How long does a claim take to process?”

A: The time in which a claim is processed varies. It is dependent on several factors:

- What type of claim is being processed?
- The size of the claim.
- If all the information that is requested is presented timeously.
- As well as to which insurer this claim is with.

The time frame can take minimum 7 days to finalise, however, on larger claims it can take up to two to three months to finalise. It is important to note that the quicker all the information on a claim is provided the quicker the resolution can be achieved.

Q: “Is there cover for damage to the motor vehicle of an owner/third party under the policy schedule in place with the body corporate?”

A: The only way the damage to a vehicle would be covered is if the damage occurred due to the body corporate being negligent and due to this negligence, the damage was caused. This would then fall under the liability section of the policy schedule and could be entertained as an insurance claim. However, negligence would have to be proven by the claimant. **Note:** Gross Negligence is not covered at all.

Other than the above, there is no cover for any damage to an owner/third parties motor vehicle on the body corporate policy schedule and in the event of any damage, the owner/third party would need to claim against their own personal insurance policy schedule.

Important Note: Damage caused by tailgating or not waiting for the complex's gate in accordance with its workings does not constitute a claim.

Q: “Is there only one claim form needed in the event of a claim that may have multiple perils that occurred?”

A: There is **always** only one claim form that needs to be completed, even in the event of a multi-faceted claim. For example, a geyser replacement and water damage to the ceiling, cupboards, and wooden flooring. The claim form is dependent on the event so if it is one event then only one claim form will need to be completed.

Q: “What are the time frames in the submission of possible insurance claims?”

A: It is always wise to advise the insurance broker right from the onset of a possible claim so that there are no time delays in the submission of the claim that could prejudice the claim being entertained at a later stage.

Q: “Can the plumber be settled directly?”

A: If the plumber has an arrangement directly with the insurance company involved, it is possible for the insurance company to settle the, directly in the event of a claim, otherwise, the pay-out is always made to the body corporate account directly.

You may request that the funds then be settled to the plumber directly, however, it will depend on the specific processes that are in place for your specific complex. You can ask your broker at the time of the claim.

Q: “Will the insurance company settle any call out fees or pay deposits to contractors?”

A: No, insurance companies *will not* pay for any call out fees or deposits to contractors, no matter if the claim is entertained, approved, or rejected.

Q: “What is the difference between a contractor and an insurance assessor/loss adjustor?”

A: A contractor is a specialist in their specific field who quotes on the repair work or replacement that needs to be attended to in the event of a claim.

By definition, an insurance assessor or loss adjustor is someone who is *employed by an insurance company* to investigate the claim made including the damages that are being claimed for to decide if the claim should be entertained and how much money should be paid to a person or persons making a claim.

Q: “When is an insurance assessor/loss adjustor appointed?”

A: With most insurers, it is dependent on the value of the claim that has been made. In some cases, should the quotations exceed R 10 000.00 an assessor will be appointed.

However, it is always at the discretion of the insurance company.

In the event where there is uncertainty on the facts or merits of the claim an insurance company may also choose to appoint an assessor or loss adjustor.

Q: “What does average mean?”

A: By definition 'subject to **average**' means that if the sum **insured** at the time of a loss is less than the insurable value of the **insured** property, the amount claimed under the policy will be reduced in proportion to the under-**insurance**. Also called **average** clause.

In the case of an insurance claim, for example let us say the loss comes to an amount of R 10 000.00 however the complex is found to be only insured for 80%, the insurers will only pay-out 80% of the claim. In this example the amount paid by the insurer is R 8 000.00 less the excess applicable therefore you as the complex would be held liable for the shortfall of R 2000.00

Average can be applied if a valuation has been completed on the complex, yet the new valuation figures have not been implemented in terms of the insurance sum insureds.

Q: “What is additional insurance and where does it come from?”

A: When additional insurance, which is over and above the amount that the unit is insured for by the body corporate which is included in the levy amount, has been requested on individual units, either by the unit owners or their bondholders, the premium for the additional amount will be billed to the owners.

This is a monthly billing that is added to the levy statement where this is recovered from the individual owners and credited to the insurance budget of the complex.

The amendments and adjustments to these figures take place after the renewal of the policy schedule has been finalised. The above could differ depending on the processes in place for your specific complex.

Q: “What happens when a unit is unoccupied for more than 30 consecutive days?”

A: It is important to note that this is the responsibility of the owners to let the insurance broker know should their units be unoccupied for more than 30 days.

The reason for this is in the event of a claim there can be additional excess applicable. In addition, if the broker was not notified of this unoccupancy and an event takes place where the insurance company feel prejudiced, this claim may be repudiated at that specific time.

The best way to work with this is to ensure that owners have a representative to do regular inspections of their unit and keep record of such inspections to have as evidence in the event of a possible claim. This is to ensure that the event took place was of a sudden and unforeseen nature and not something that has gradually worsened over time due to the unit being unoccupied.

Q: “Can you claim the excess from a third party, if it is felt the claim was due to an event linked to the third party?”

A: If the event is linked to a third party and you believe that the third party is liable for the excess, you may claim this against the third party however the individual will need to process this directly themselves with the third party. The excess is always deducted from the pay-out of the person that has submitted the insurance claim. This excess is always the first amount payable, so cannot be deducted at a later stage or from another party.

Q: “How do you know if you have an insurance claim or when a claim is possible?”

A: When an event takes place, it must be a measured event meaning that the time it took place can be pinpointed to one specific sudden event and the cause needs to be quantifiable (for example, the pressure spiked so the pipe burst). When an event occurs over a period of time and the damage occurs due to that which is gradually deteriorating then there is no claim.

Q: “Is damp covered under the insurance policy schedule?”

A: Damp is never covered under the insurance policy schedule as it is not considered as a sudden unforeseen event, but an event that has gradually occurred over a period of time with water seepage.

Q: Is Waterproofing covered?”

A: Waterproofing is only covered if it is damaged due to a sudden and once off event, for example, hail damage. If the waterproofing has worn or the bonding has come loose due to wear and tear or gradual deterioration, there is no cover on the policy schedule for this.

Q: ”Are tenting tiles covered under the insurance policy schedule?”

A: Tenting tiles are linked to defective workmanship as not enough glue or grout was placed under the tiles at the time of installation to prevent the tenting of the tiles. So, this is linked to defective workmanship which is an automatic exclusion on the insurance policy schedule and again this event is something that has happened over a period of time and falls under the gradual deterioration exclusion on the policy schedule.

Q: “Are pipes covered under the insurance policy schedule?”

A: Even though the pipes are in the walls this does not mean automatic cover, the only time pipes are covered is if they have burst due to a change of pressure or if they were accidentally hit by a contractor working in the unit.

No leaking pipes, caused by wear and tear or corrosion and rust, are covered under the policy schedule.

Q: “What can be done if my unit is flooded, and my carpets are soaked?”

A: Removal of water is covered by the insurance company, so you can contact a contractor to come and remove the water. It is also in order to lift the carpets and remove the underfelt; however, the actual carpet needs to be kept for the insurance company to investigate the damage, if necessary.

Q: “What does a detailed report need to include?”

A: A detailed report needs to be presented by the professional in the field they are quoting on. This report needs to be on a formal letterhead and include the specific details as to why the event took place. For example, if a pipe burst then it would be said “The change in pressure caused the pipe to burst following the water being shut off and switched back on, on the specific date applicable”. If the waterproofing has failed, another example would be “The waterproofing failed due to a bonding issue and has separated from the actual tile”.

Q: “What is ‘salvage’?”

A: Salvage refers to the item that has been damaged due to the peril that has taken place. For example, the intercom system, or a gate motor. The insurance company always requests that you keep the damaged equipment until the insurer has had time to assess it or come to a decision on the claim.

Q: “Is there cover for loss of rental/alternate accommodation?”

A: There is only cover for this when the unit is uninhabitable and with some insurers the wording reads untenable so this will need to be checked with your broker at the time of the claim. This does not mean when repairs need to be completed in the unit, no matter the size of the damaged area, or where the damage occurred.

This is when a unit has been burnt down or flooded with sewage and it is physically impossible to live there which in turn means uninhabitable. At times, severe water damage can cause a unit to be untenable so this will need to be checked against the policy wording in place. However, it needs to be physically damaged to such an extent that it cannot be rented out.

Q: “What is the difference between a valuation and a risk survey?”

A: A valuation is completed to quantify what the complex needs to be valued at per square meter in terms of the sum insured. This is only on the fixtures of the actual complex and does not include the value of the land.

A risk survey is a survey completed to establish what risks are evident in a complex that could cause the complex to become more susceptible to claims occurring. This survey includes where building regulation and compliance matters are not in order in accordance with the laws in place in the country.

Q: “What is a non-standard item and why does the insurer need to be notified of this?”

A: Non-standard items are items made of glass or wooden construction or any other material that is not brick and mortar and tiles. Thatch, lifts, solar geysers, heat pumps and generators also fall into this category.

The reason to notify the insurance company of these items is that they may pose a higher risk to the complex or the individual unit and could affect the cover if the insurer is not advised of this and the necessary cover put in place on the policy schedule.

Q: “What do ‘limits’ mean on the policy schedule?”

A: This means the maximum value that the claim can be made up to on a specific peril, this includes the excess, or first amount payable being deducted from this before pay-out on the claim is made. For example, with the replacement of a geyser:

A 150 L geyser is replaced and the limit on the policy for this replacement is R 6 700.00.

Should the invoice come in at an amount of R 10 000.00, the way the pay-out will be calculated is as follows:

Limit Applicable:	R 6 700.00
(Even though the invoice was for an amount of R10 000.00)	
Excess deducted where applicable:	R 1 500.00
Total Amount of pay-out:	R 5 200.00

The Shortfall amount of R 3300.00 as well as the excess of R 1500.00 are for the owners own account.

Q: “What is the legislation change on geysers and what does this mean?”

A: LEGISLATION:

The following legislation requirements have been put in place with regards to geyser replacements:

- “Manufacturers have been requested to produce and supply an energy efficient geyser, named the B CID5S. This new model has thicker insulation between the inner cylinder and the outer casing, preventing heat loss, and reducing electricity consumption.
- As of August 2018, the National Regulator for Compulsory Specifications (NRCS) started regulating geysers for domestic use. It’s a move that’s in line with Government’s strategy to “promote energy efficiency as the first fuel in driving balanced, socially inclusive and environmentally sustainable economic growth, boosting job creation and leading technological innovation.”
- Plumbers need to fulfil this legislation compliance requirement by issuing their (COC) Certificate of Compliance when replacing a geyser being it under SANS-10254 and now new regulation of energy efficiency under SANS- 151(B. Class Geysers)”

Q: “What does this legislation mean?”

A:

- A new type of geyser called a B Class geyser is installed which is considered as an energy efficient geyser.
- A certificate of compliance needs to be issued at the time of the installation of the new geyser; what this means is the installation must be in line with the legislation in order to get this certificate issued. To ensure the geyser installation is compliant there may be additional costs involved to get to the point where the certificate of compliance can be issued.
- The B class geyser due to the thicker insulation is larger in size, so a relocation of the geyser may be needed if the current space where the geyser is situated is not adequate.

Q: “What is the difference between a section number and a unit number?”

A: A section number is the number represented on the Sectional Title plan for the designated section on the plan that are outlined with a solid line.

A unit number is the door number that is on the actual unit in the complex.

Q: “What is an insurance certificate?”

A: The insurance certificate is issued by the insurance company as evidence of the insured cover in place on a specific unit for a specific value including the summary of cover including the undivided share of the common property based on the participation quota.

Q: “What is the Participation Quota (PQ)?”

A: This is a formula used to calculate an owner’s levy contribution in the sectional title scheme. It is calculated by dividing the number of square metres occupied by the owner’s section by the total of all the sections and the total square meterage of the entire scheme.

