

HOW WELL DO YOU KNOW YOUR COMMERCIAL TENANT'S SITE?

As a broker who negotiates with Insurers and Underwriters on behalf of Commercial Strata clients, it's important to enter the conversation with a clear understanding of the property and the associated risks. This means we must obtain all necessary risk information, including but not limited to, Construction, Occupancy, Protection and Exposure (COPE), and a site survey wherever possible. This article outlines how commercial tenants' risk profiles are assessed and how these factors can influence pricing for clients.

WHAT IS COMMERCIAL STRATA INSURANCE?

Commercial Strata Insurance provides cover for commercial buildings under a strata title. These can include Government office buildings, industrial sites, and buildings with residential lots above and supermarkets or restaurants on ground levels.

WHY ARE COMMERCIAL TENANTS OF INTEREST TO INSURERS?

Having a clear understanding of who the tenants are and the type of business they run helps Insurers accurately assess the property's risk profile and appropriate pricing. As brokers, we like to know we have all the information before the Insurer receives the quote slip. This limits delays and back and forth from the Insurer. Here are some questions your broker may ask about the commercial property and tenants:

- What equipment do they use on a day-to-day basis?
- What fire safety equipment do they have on-site?
- Do they have safe work practices in place?
- How often are certain items cleaned?
- Do they have expanded polystyrene (EPS) on-site?

ADDITIONAL SERVICES: RISK ENGINEERING

If we are unable to obtain the information for each of the lots, as part of Honan's service offering, we will arrange for risk engineering services to visit the property and ascertain:

- The business name and activity.
- Risk details at the property (construction materials, fire safety equipment, security on site).
- Is the property well maintained (e.g., are walkways clear? Is rubbish appropriately stored? Are there potential hazards?)
- Additional tenant questions (depending on occupant's business activities).

WHAT ELSE CAN AFFECT PREMIUMS?

A well-maintained commercial property, with occupants with safe work practices in place, could be considered a "good risk" by Insurers. Poorly maintained properties, with cluttered units and high frequency or value of losses/claims can be seen less favourably by the Insurers. This can result in the insurance being declined, special conditions or excesses being imposed, or higher premiums being charged. Identifying and taking action to reduce hazardous risks often improves the risk profile, enhancing the Insurer's willingness to offer a quotation for cover at a competitive rate.

WITH YOU ALL THE WAY

Feel free to reach out to learn how we can assist in managing your strata risk profile.

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