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news Letter

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Body Corporate Insurance !

Body Corporate insurance is a very important responsibility of the trustees and a legal responsibility in terms of the Sectional Titles Act. Unfortunately this is often a much neglected issue that can cause huge frustrations.

Management rule 29 clearly states that the buildings and improvements should be insured against damage, which includes incidents of fire, lightning, earthquakes, flooding, storms, riots, etc. to the full replacement value thereof.

The trustees should preferably obtain the assistance of a trusted professional to review insurance policies to make sure that the buildings are adequately insured. As the buildings should be insured at full replacement value thereof, it places a huge responsibility on the trustees, because replacement value is not the same as market value. It is therefore suggested that the trustees also enlist professional assistance in calculating the full replacement value of any of the buildings. One should remember that in the case of total loss of buildings due to fire or sink holes, old structures must be cleared first before buildings can be replaced. These specialists should be able to predict the many complex issues regarding the replacement of the particular buildings from year-to-year.

What is included in body corporate insurance? Included in the insurance is the structure of the building and all the permanent fittings and fixtures in the building, for example the built-in cupboards, permanently fitted stove and fitted carpets. All other movable items like furniture are not included. Although a geyser is a fixture to the house, the insurance usually only covers geysers when they burst.

The trustees are also responsible to make sure that the body corporate is insured against public liability. This is to cover the body corporate in the event that a third party is injured, dies, suffers illness, damage or loss on the insured property, where negligence on the part of the body corporate can be proved.

The premium of these insurance policies are payable by the body corporate, and is included in the annual budget for the complex. The percentage of the premium paid by each owner is calculated according to the participation quota applicable to each unit. Any owner has the option to request a higher replacement value of his property on the insurance policy, provided that he pays the difference in the premium.

The insurance excess payment is payable by the owner of the specific unit. The excess amount means that it is the first amount payable by the insured party when a claim is paid out. The balance of the amount is then paid by the insurer.

Owners should keep in mind that the excess amounts are payable before the repair work starts! Most of the claims against the insurance are for burst geysers, and should be repaired immediately. Even though this is an unplanned eventuality, owners should budget for expenses such as these, as burst geysers will not be repaired before payment of the excess amount. The excess amount is determined by the insurer and not by the trustees or the managing agent.

Keep warm safely!

After serious fire damage occurred at properties in our area this winter, we would like to emphasise again for residents to be extra careful in the preventing of fires.

- Locate heating devices away from doors and windows.
- Never leave burning candles unattended in any room.
- Never go to sleep or leave the house with heaters or any other heating devices left on.
- Do not place a heater close to anything that may catch on fire, such as drapes, furniture or bedding. Never cover your heater with anything. Never place a heater on top of furniture or close to water.
- Never leave children unattended near a heater or open fire.
- Make sure that the cord of the electric heater is not a tripping hazard and do not run the cord under carpets or rugs.
- Make sure that appliances like cell phone chargers are unplugged when not in use.

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Landlords responsible for disorderly tenants

The number of tenants in complexes are ever increasing. Most tenants will come and go quietly, with respect for their neighbour's privacy and rights - as should all residents in complexes. But how do you deal with unruly tenants who are absolutely non-compliant of conduct rules? Can trustees or bodies corporate evict them?

The answer is no. They can't be evicted by the body corporate as the body corporate has no legal relationship with the tenants. The owner will always be responsible to ensure that his tenant receives a copy of the conduct rules. The owner will also be the respondent should the case go the route of arbitration. The owner will remain to be the responsible party to take appropriate action against the tenant.

Spring -
is about new life
and inspiration!

