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Poor strata governance driving up insurance costs for 1 in 5 Victorians

The Insurance Council of Australia (Insurance Council) has called for reforms to Victoria's strata laws, warning that poor governance and deferred maintenance are transforming insurable buildings into high-risk liabilities and driving up premiums for the one in five Victorians living in strata-titled properties.

In a submission to the Expert Panel Review of the Owners Corporations Act 2006, the Insurance Council highlighted that building defects cost \$1.3 billion annually for residential apartments across Australia, with many strata buildings facing insurance affordability challenges or becoming uninsurable due to structural issues and inadequate risk management.

The submission draws upon the Insurance Council's 2024 report [Improving Consumer Outcomes for Strata Communities](#) and calls for several key reforms to Victoria's strata laws, including:

- 1. Stronger governance and education:** Enhanced transparency and accountability within owners corporations, coupled with better education resources for committee members to manage complex financial, maintenance, and insurance matters.
- 2. Strata manager professionalism:** Ensure there is careful assessment of proposed licensing schemes, with an evidence-based review to ensure benefits outweigh costs and do not create unintended consequences.
- 3. Insurance commission transparency:** Full disclosure of all payments to strata managers that may influence insurance product selection, and thorough market impact assessment before banning commissions to avoid unintended premium increases.
- 4. Easier collective sales:** Support for lowering the unanimous agreement threshold for strata complex sales, following New South Wales' move to 75 per cent of owners, to enable faster renewal of aging, uneconomical buildings that pose insurance risks.
- 5. Enhanced compliance:** Stronger enforcement mechanisms to hold owners corporations accountable for building defects, including public complaints registers similar to other jurisdictions.

Victoria's increasing densification makes these reforms particularly timely and will help support the ongoing availability and affordability of insurance for strata communities.

The Insurance Council's submission to the Expert Panel is available [here](#).

Quotes attributable to ICA Deputy CEO Kylie Macfarlane:

As more people move into multi-unit dwellings, maintaining costs associated with strata living are becoming increasingly important.

We've put forward reforms that address gaps in the current system to reduce excessive defect and other costs that will help to improve the affordability and availability of insurance.

Effective reforms backed by proper compliance and enforcement are essential to de-risk strata complexes and deliver better outcomes for all stakeholders.