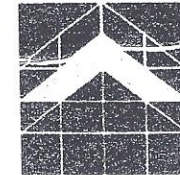


SEMINAR PENGURUSAN HARTA HAKMILIK BERSAMA



**Anjuran
Kementerian Perumahan dan
Kerajaan Tempatan**



Disampaikan oleh :

Ahli

Institut Jurukur Malaysia & Persatuan Penilai Swasta



INSURANCE MANAGEMENT

1.0 INSURANCE MANAGEMENT

It is essential that the investment in the building and other valuable personal property be adequately protected by insurance. The situation in the Strata scheme is complicated by the combined involvement of the Joint Management Body & Management Corporation and the individual owners & mortgagees (bank loan period).

2.0 DUTIES & POWER- JMB & MC UNDER BCPA & STA

- purchase adequate insurance cover
- knowledge of policies available



03

INSURANCE MANAGEMENT- DUTIES & POWER OF JMB & MC

- Valuation of insurance.
- Requirements for insurance policies.
- Negotiating on terms of coverage and premiums.
- Administer permissible claims.
- Collection of premiums.



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MASTER FIRE POLICY EXCLUDE PARCEL UNIT?

Probe on penthouse fire

Exco members head team

BY BERNARD SEE

PENANG: The state government will investigate the fire which gutted two Penthouse penthouses at Pearl Hill, Jalan Tanjung Bungah, causing some \$600m in damages yesterday.

Chief Minister Tan Sri Le Koh, Yau Koon said the probe, which would be headed by a task force comprising exco members Datuk Koyah Lee Thiah, Huzar Dr Teng Hick Nam and Syed Amerulnabi Syed among others, would look into improving the emergency response time to high-rise fires.

"There is a need to ensure our fire department is capable of fighting high-rise fires as there are many such buildings in the state."

"The Local Government and Housing Ministry should ensure the department has the latest fire-fighting equipment."

"Building managements and resident associations should also do their part to ensure that fire-fighting facilities are in proper working condition," he said at the scene.

The fire started from one of two penthouses located on the 12th floor at Pearl Hill.

The fire started in the other penthouse after a fire alarm was triggered by the tenant failed.

Seven engines, including two from the Air Base and Peta Helibooking fire volunteer squads, with about 80 fire-

men, could not do anything as the water hoses could not reach the 12th floor.

A Mirusia skyjet, capable of reaching the 14th floor, had to be called in.

Zazali Md Talib, 28, who worked as a driver, said he received a telephone call from his 43-year-old female employer informing him that there was a small fire in one of the penthouse's six bedrooms.

"When I reached the premises, I saw that one of the air conditioning had caught fire. I ran to the toilet and filled a pail with water, which I then used to splash on the air conditioner."

"There was an explosion and the whole room was filled with smoke."

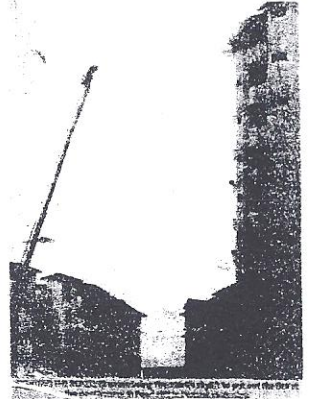
"I notified my employer out of the premises before calling the fire department," he said.

Zazali's employer was the only person in the house as her British husband was in Singapore on a business trip.

Dr Koh said Penang Water Supply Corporation Sdn Bhd told him that water pressure in the area was normal.

"The pressure was apparently good enough for household use but not for fire-fighting. I then directed that the water valves be isolated and extra water be pumped into the area."

"The quick action of the firemen prevented the fire from spreading to the other units below. The fire was brought under control by 10:30am and extinguished about an hour later," he said.



PROPRIETARY RIGHTS AGAINST MANAGEMENT ?

news without borders

you are in good company. theSun flies with

Condo owner gets RM18,000 for water cut

By Ghina Izzah Khoo
ghina.izzah@sunshy.com

KUALA LUMPUR: The Consumer Claims Tribunal has ordered a management corporation to pay compensation of RM18,000 to a condominium owner for depriving her of the supplied water.

Justice Hill Management Corporation Sdn Bhd was told to pay the money to Thong Kool Li, 42, a businesswoman, within 14 days.

The tribunal ruled not to award the corporation had no business to cut the water supply to Thong's unit as

Justice Hill Condo and Golf Resort in Cheras for

15 months.

The corporation had asked Thong to pay an additional deposit for security, maintenance and water. When she refused, it turned the taps off, forcing her to move out and to rent a house in Hasting Jaya for RM1,000 a month.

Thong said she did not make the additional payment for maintenance because agreement only asked a one-off maintenance fee payment but the corporation had asked for an additional deposit for an amount higher than that in the agreement, and

The corporation did not maintain the public area in front of her condominium unit.

"The corporation also prevented me from entering and leaving my premise, threatened me and my family with sticks and barred us from using the condo facilities," she told the hearing.

Thong said she lodged police reports and had started legal proceedings against the corporation.

She argued that nothing in the principal deed of mutual covenant gave the corporation the right to cut the water supply in the event of the non-payment of the maintenance fee.

Thong had filed a claim against the corporation for special and general damages and costs of RM25,000.



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PUBLIC LIABILITY IN PLACE?

Monday 9 November 2003

N32 Nation

Ironing board flung out of flat

RM3,000 reward being offered to nail culprit

By K. SIVANAR

PERANG An ironing board which was flung out of a high-rise flat at Jalan Congo has landed on the roof of a 10-room-old house.

Turnover the incident that occurred on Thursday, a property management company is offering a RM3,000 reward to nail the culprit.

The offering of the reward on the internet had caused a stir as it had not been done before.

It was the same incident which had caused the death of a 10-year-old boy in a similar case.

Some which damaged the roof of a car in April.

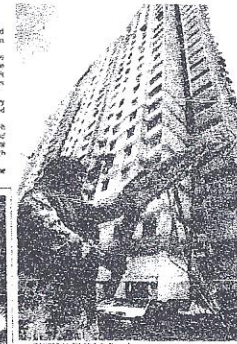
The incident, which occurred on Thursday, was reported to the police.

The company had offered a RM3,000 reward for information on the culprit responsible for an earlier incident on Oct 19.

"As such an incident had occurred again, we are offering the reward now to RM3,000," he said.

The company, Tan said, had also offered a RM3,000 reward to anyone who could identify the culprit.

"It is an innovative approach," he said.



Owner of the flat, Nurul, showing the window from which the ironing board was flung out.



JMB OR MC LIABLE?

Friday 26 August 2003

Three sue over condo security

KUALA LUMPUR Three residents of the high-rise Condo 2 in Pandan Perdana have filed suit against the developer and management of the condominium for alleged negligence.

The three plaintiffs, who are Mrs. Puan Lee Mei Ling, Mrs. Lee Mei Ling and Mrs. Lee Mei Ling, filed the suit in a Sessions Court here.

In the first suit, Mrs. Lee Mei Ling and her daughter, Mrs. Lee Mei Ling, claimed that the defendant, Condo 2, was negligent in its duty of care to provide a safe and secure environment for its residents.

The plaintiffs claimed that the defendant failed to maintain the security of the building, which resulted in the loss of their property.

The plaintiffs also claimed that the defendant failed to provide adequate security for the building, which resulted in the loss of their property.



JMB OR MC LIABLE? LIFE GUARDS REQUIRE BY LAW?

N33 NATION THE STAR TUESDAY 13 MARCH 2007

Birthday boy drowns

Brother in critical condition after holiday swim in condo pool

RASHMITHA A. HAMID

PETALING JAYA The Lim family came here from Johor to celebrate their son's fifth birthday with relatives.

But joy turned to sorrow when Lim Jun Shuan died after getting into difficulties during a swim at the Petaling Damansara condominium pool.

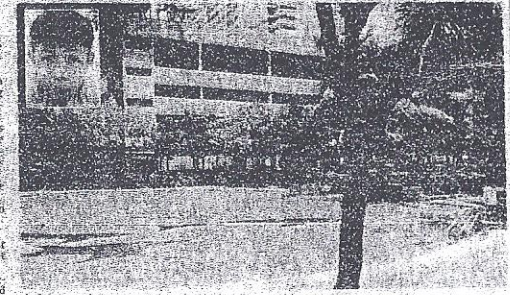
The father, Lim Ho Fung, 51, said, "Since it's the school holidays, we decided to come here to celebrate his 5th birthday yesterday."

He said, adding that he was staying at the resort's condo unit.

The wife later came running into the unit to tell him that the two boys had gotten into difficulties at the pool.

Lim rushed the boys to Damansara Specialist Centre, but Shuan was pronounced dead at 5pm, while See Wan is fighting for his life.

An officer at the centre said there was no life guard at the pool and swimmers were advised that they were entering the pool at their own risk.



Fatal slip: Jun Shuan (inset) died after getting into difficulties while swimming in this pool with his brother.

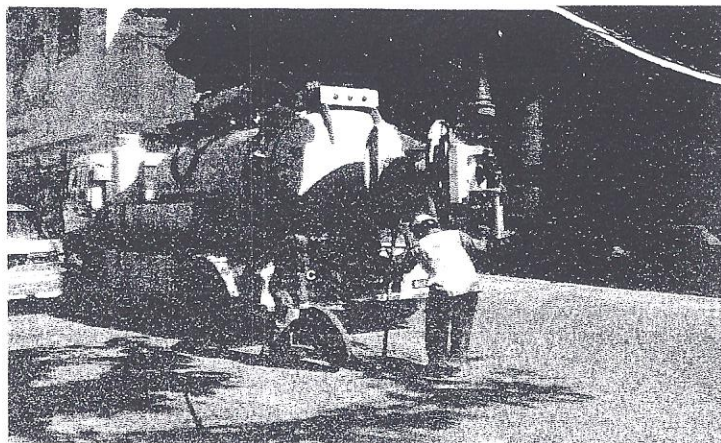


Landscape contractor has t regularly trim trees branches - building supervisor to take note.

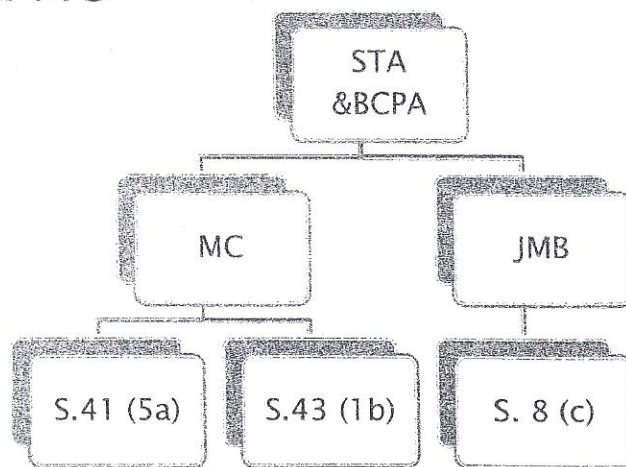
▶ CAR DAMAGED BY FALLEN TREE- JMC-FAILED TO TRIM BRANCHES RESULTING DAMAGES TO VEHICLES

▶ RESIDENT'S VALUABLES DAMAGED- DUE TO LEAKAGE OF WATER TANK- -JMC FAILED TO MAINTAIN

VISITOR INJURED- NEGLIGENCE FOR NOT REPLACING STOLEN MANHOLE COVER



INSURANCE- DUTIES & POWER UNDER THE RELEVANT ACTS FOR JMB & MC



BUILDING & COMMON PROPERTY(MANAGEMENT & MAINTENANCE) ACT

- › SECTION 8 (c)
- › to insure and keep insured the building to the replacement value of the building against fire and such other risks as may be determined by the Body.



STRATA TITLES ACT, 1985 – MC

- › SECTION 41 (5 a)
- › – TO DECIDE WHETHER TO CONFIRM , VARY OR INSURANCES EFFECTED BY THE MANAGEMENT CORPORATION
- › SECTION 43 (1 b)
- › – TO INSURE AND KEEP INSURED THE SUBDIVIDED BUILDING OR LAND TO THE REPLACEMENT VALUE THERE OF AGAINST FIRE AND SUCH OTHER RISKS AS MAY BE PRESCRIBED UNDER THIS ACT



Insurance Management –Role of JMC

Insurance plays a critical role in protecting the investments in a multi ownership property. Thus the role of a JMC would include:-

- giving advice on the obligation to insure the building.
- obtaining advice on the valuation for fire insurance prior to the annual expiry of the fire insurance policy.
- giving advice on the requirements for other insurance policies.
- negotiating on the terms of coverage to secure the best possible premiums.
- administering all claims permissible under the policies.
- preparing invoice and collecting all insurance premium apportionments from the individual owners.



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BASIC TYPES OF MANAGEMENT INSURANCES

- › Master Fire Policy
- › Public Liability
- › Burglary
- › Machines & Plant Insurance
- › Plate Glass Insurance
- › Machinery Breakdown Insurance
- › Consequential loss of rental
- › All Risks Insurance
- › EXCLUDING - HOUSEHOLDER - HOUSEHOLD INTERNAL GOODS ONLY- MOVABLE POSSESSION AGAINST



Insurance Management- Policies

Type of Insurance Policies

The JMC must insure the property against the various perils that it will be exposed to with the approval of JMB. Must ensure the proper types of insurance policies are taken out and must advise on the adequacy of all insurance policies and the risks that the JMB will be exposed to if the policies do not provide sufficient cover.



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Master fire policy

- › FIRE INSURANCE SHALL INCLUDE :-
 - › - COST OF DEMOLITION
 - › - REMOVAL OF DEBRIS
 - › -REINSTATEMENT OR REBUILDING
 - › -CONSEQUENTIAL LOSS OF RENTAL (OPTIONAL)
- › *THE PROPERTY MANAGER SHALL RECOMMEND TO HIS CLIENT TO SEEK THE ADVICE OF THE RELEVANT PROFESSIONALS IN ASCERTAINING THE INSURANCE VALUE OR SUM INSURED OF THE PROPERTY*



FIRE & ALL PERILS INSURANCE

- ▶ Riot
- ▶ Aircraft Damage
- ▶ Impact Damage
- ▶ Explosions carried by any gases or vapour connected with the actual trade activity carried out in a building
- ▶ Bursting or overflowing of water tanks, apparatus or pipes
- ▶ Fire caused by earthquake, volcano eruption, hurricane, cyclone, typhoon and windstorm



FIRE & ALL RISKS INSURANCE

- ▶ Full flood
- ▶ Spontaneous combustion
- ▶ Landslide and Landslip
- ▶ Sprinkle Leakage
- ▶ Malicious Damage
- ▶ Tempest



⑩ Machinery Breakdown Insurance (Commercial Complex)

All plant and machinery are vulnerable to breakdown or damage irrespective of its quality or viability. On top of this a small disaster e.g. fracture of a flywheel may result in an expensive loss involving several machines. Further replacements are proving increasingly expensive. This type of policy covers sudden and unforeseen damage to the insured machine whilst either at work or rest and during cleaning, inspection, over-handling or removal to another position within the premises.

The sudden and unforeseen damages include:-

- Faulty material design, construction and erection
- Vibration, maladjustment or mal alignment
- Defective lubrication, loosening of parts
- Excessive electrical pressure
- Short circuits or arcing
- Carelessness or malicious acts.



The main elements of the insurance are this electrical and mechanical breakdown and accidental damages from extraneous causes. It would exclude gradual damage and loss from any cause which is foreseeable.

The type of machines which may be insured are :-

- boilers with auxiliaries such as stokers and oil firing equipment
- fans and blowers
- alternators and generators
- switchgear and transformers
- lifting equipment including cranes e.g. derrick, mechanical plant, turbines, blowers.



PUBLIC LIABILITY INSURANCE

- ▶ PUBLIC LIABILITY IS TO INDEMINIFY THE MC/JMB , THE PROPERTY MANAGER AGAINST 3RD PARTY CLAIMS (PUBLIC) OCCURING ON THE COMMON PROPERTY SUCH AS :-
 - ▶ - DAMAGE TO PROPERTY;
 - ▶ - DEATH OR BODILY INJURY;
 - ▶ -INDIVIDUAL OWNER EG- WHO IS SERIOUSLY INJURED IN A FALL AT THE STAIRCASE WHICH HAS NOT BEEN PROPERLY MAINTAINED BY THE JMB OR MC.



ERRORS & OMISSIONS INSURANCE

- ▶ RISK- In Common Law, your liability hinges on your capacity as fiduciaries. This relationship imposes heavy responsibilities and exposes you as JMC to liabilities such as:-
 - ▶ - Lack of Care & discretion
 - ▶ - Failure to enforce By-Laws
 - ▶ - Failure to act honestly
 - ▶ - Failure to apply BMF correctly
 - ▶ - Incorrectly instructing PM/Accountant
 - ▶ - Entering into ultra vires contract



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ERRORS & OMISSIONS INSURANCE (E & O E)

- ▶ JMB CAN SUE AND BE SUED
- ▶ COVERS OFFICE BEARERS LIABILITY- JMB/MC
- ▶ ARE NOT AWARE THAT THEY MAY BE SUED- PERSONALLY, JOINTLY OR SEVERALLY;
- ▶ FOR ERRORS, OMISSIONS, BREACH, NEGLIGENCE



E & O E- EXCLUSIONS CLAUSE

- ▶ LIBEL & SLANDER;
- ▶ DISHONESTY OR FRAUDULENT ACTS;
- ▶ PRIOR OR PENDING LITIGATION;
- ▶ 3RD PARTY INJURY;
- ▶ PROPERTY DAMAGE CLAIMS;
- ▶ CONTRACTUAL LIABILITY BETWEEN JMB & ITS CONTRACTORS & OTHER SERVICE PROVIDERS



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INSURANCE RENEWAL & RESPONSIBILITIES OF JMC

- PAYMENT OF PREMIUM
 - WITHIN 60 DAYS FROM THE DATE OF ISSUANCE OF COVER NOTES OTHERWISE THE COVER IS AUTOMATICALLY CANCELLED
- PAY PREMIUM DIRECTLY TO INSURANCE COMPANY.
- PREMIUM SHALL BE CALCULATED BASED ON THE TOTAL SHARE UNITS OF A SCHEME AND APPORTION TO INDIVIDUAL PARCEL SHARE UNITS.
- UPON PAYMENT INDIVIDUAL CERTIFICATE TO BE ISSUED TO OWNER/BANK.



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b) SETTLEMENT OF CLAIMS

Reinstatement Value Basis :-

will pay full cost of repairing the damaged building without any deductions for wear, tear or depreciation, provided that the sum covered the total cost of reinstatement.

Excesses, being the amount you have to bear before your insurance company indemnifies you, are applicable for certain perils, such as overflowing of domestic water tanks, windstorm, earthquake and flood claims.



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WHAT YOU SHOULD KNOW WHEN MAKING A CLAIM.

a) IF YOUR PROPERTY SUFFERS DAMAGE/LOSS

- You must notify your insurance company in writing with full details as soon as possible;
- Lodge A Police Report;
- Take necessary measures to mitigate further loss/worsening of the situation;
- Co-operate with the Loss Adjuster;
- Follow up with the Insurance Company & Loss adjuster.



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Terima Kasih

Ahli
Institut Jurukur Malaysia & Persatuan Penilai Swasta



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