

Strata Managing Agents – Tips on Managing Risk

Ever more is expected of strata managing agents, in terms of the broad range of issues they are required to deal with and in terms of the high standards expected of them. This can make strata management a risky undertaking, as confirmed by several recent cases, in which large damages awards were made against agents.

There are some steps which can be taken to manage that risk. In particular, strata managing agent should consider the following:

- ensuring that agency agreements contain appropriate provisions regarding allocation of responsibility to the agent, limitation of the agent's liability and provision of indemnity in favour of the agent.
- implementing appropriate procedures to minimise the risk of incidents occurring and claims being made. Key areas include:
 - Implementation of appropriate training for staff. Many claims arise from inadequately trained staff.
 - Identification of circumstances in which expert consultants will be engaged and appropriate consultants to engage in specific areas. Many claims arise from engagement of an inappropriate consultant.
 - Taking action to address identified safety hazards. Many of the cases in which damages awards were made against agents involved agents failing to take action, either relying on existing owners corporation instructions or doing nothing.
- effecting appropriate insurance cover, which will generally exceed the mandatory level of cover under the property stock and business agents legislation.

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