Addsure and the Six Step Advice Process

Step 1: Establishing and defining the professional relationship between parties as well as specific the roles and responsibilities.

In the community scheme environment, one cannot only take a view on the FSP and the customer, but rather assist defining the roles of all concerned.

Parties involved in any one matter can include the **insurer** (insurance company), **underwriting manager** (UMA), **insurance advisor** (broker), **managing agent, trustee, owner, tenant** and sometimes even more parties.

It is for this reason that records of advice must be kept in writing and should be available in a transparent manner. Introductions from advisors and advice dispensed should be properly recorded by the trustees. Any advice needs to be offered in writing so that managing agents can act as transient agents rather than insurance agents in delivering the written advice to the trustees. The trustees are obliged to act on behalf of the collective of owners in a community scheme.

First and foremost, we advise that a suitably qualified and experienced specialist in the field of community scheme insurance is appointed to provide professional guidance.

Step 2: Gather relevant information and determine needs and goals.

Our two-phased approach requires the meeting of the minds of both trustees and insurance advisor. The legislative requirements coupled with rules and regulations of community schemes provide the basis of needs. The trustees will need to provide the broker with any other relevant information such as sectional plans, information on servitudes, historical maintenance problems, building defects, etc. An experienced broker will start off with a visit to the property and follow up with recommendations based on their assessment of relevant risks. With all the information at their disposal, the adviser can set out the relevant advice.
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Step 3: Analysis and evaluation of the client’s financial status and needs.

The financial advisor will use the information gathered to set out the type of cover needed to cover the identified risks. The needs will be based on the three standard needs, namely buildings cover, fidelity and liability. It may also include other risks such as vehicle cover, gym equipment, restaurant or medical equipment cover and so on.

The advisor may now be aware of a valuation document that sets out the values of retaining walls and could have been handed relevant engineer's reports which allows the advisor to obtain quotes and advise on the needed cover for these – usually excluded – walls. This provides the advisor with various quotes and options from the product providers at their disposal.

Step 4: Develop and submit a financial plan with recommendations and alternative proposals.

During this step, our structured Letter of Advice (LOA), Renewal Pack (RP) and Schedule of Replacement Values (SRV) forms a set which becomes part of the scheme's financial plan. We populate the LOA with expanded information to clarify the advice provided advice. This is further supported by The Sectional Title Insurance Guide and more information on our website related to the dispensed advice.

Owners in community schemes need to know how to access the insurance information that affects their property asset and be sure that trustees are looking after their best interests in respect of the scheme's insurance. The best way to achieve this is for the advisor to provide the scheme with written advice based on a market comparative analysis. This written Letter of Advice, or LOA, should be available to all, tabled annually at a trustees' meeting and recorded in the meeting minutes.

Step 5: Implement the proposed recommendations.

Firstly, the trustees should acknowledge the LOA and confirm their grasp of its contents. Next, they need to confirm acceptance of the broker's recommendations and instruct implementation as per the decision taken at the trustee meeting. Following this, the broker instructs the principal underwriting manager or insurer to issue the policy or endorsement and follows up by delivering all the relevant schedules and policy wordings.

Finally, the policy renewal should then be renewed just ahead of its 12-month anniversary.

Step 6: Monitor the recommendations and revise the plan.

The policy is not static and should change as and when the owner's needs change. The sum insured should be revised once valuations are done or as requested by the owners.

Fidelity needs will change as financial needs change and this aspect should be discussed at the AGM. Addsure's ATON system provides for ongoing records of advice, records of valuations and noting changes to policy conditions during the period of insurance.