

1 Purpose

1.1 Asset Management Frameworks (AMFs)

This procedure relates to section 6.4 of the Asset Management Framework for NSW Land and Housing Corporation Properties Managed by Community Housing Providers (General Property AMF), and to section 8.4 of the Asset Management Framework for New NSW Land and Housing Corporation Properties Managed by Community Housing Providers (New Build AMF), which should be read prior to initiating these procedures.

1.2 Contractual Agreement

Under the Long Term Lease, being a lease of fifteen (15) years or more commencing on or after 1 January 2018, or any lease forming part of the Social Housing Management Transfer Program (the Long Term Lease); the New Build Lease, being a lease of typically 20-49 years for properties that were new at the commencement of the lease (the New Build Lease) and the Short Term Lease being a lease of three (3) years or less (Short Term Lease) Community Housing Providers (CHPs) are required to keep insurance to cover the full replacement value¹ of all properties under their management and owned by the NSW Land and Housing Corporation (LAHC), including cover for destruction, damage by fire, flood, lightning, storm, tempest, and other disabling conditions.

For the purposes of this procedure a notifiable insurance event is any incident that causes significant damage or an adverse, material effect to a LAHC-owned asset.

The procedure, and roles and responsibilities for managing insurable events are detailed in Sections 2 and 3 below. A summary flow chart is provided to illustrate this procedure.

2 Procedure

2.1 Insurance Obligations

CHPs are required to ensure they have insurance to cover the full replacement value of LAHC properties under their management.

CHPs may be requested by the Department of Communities and Justice (DCJ) and/or LAHC to provide certification of compliance with all insurance obligations.

2.2 Initial Incident Notification – Priority Contacts

LAHC requires notification:

- for a notifiable insurance event where an insurance claim is lodged or intended
- where a notifiable insurance event occurs LAHC must be advised if:

¹ 'full replacement value' is defined as 'the cost of rebuilding the dwellings as new, to provide the same amenity as existed at the time of the incident, in the same location as the dwelling, using currently available materials and best practices'.

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- a person is seriously injured or hospitalised and/or
- media attention has or potentially could occur.

Within 24 hours of a notifiable insurance event occurring CHPs:

- must ensure that contact is first made with the DCJ Housing Contact Centre (HCC) by telephone on 1800 422 322 as an immediate priority (**Note:** the HCC will then notify relevant executive, management and on-call staff across DCJ/LAHC of the incident)
- notify LAHC via the LAHC mailbox LAHC-CHPEnquiries@facns.nsw.gov.au.

For any incident, should CHPs be aware that contact with the HCC has already been made by emergency services, then additional calls to the HCC need not be made. Instead the CHP should contact the LAHC mailbox with the information in Section 2.3 - Immediate Risk below.

2.3 Initial Insurance Event Notification – Immediate Risk

Where an immediate risk is identified and the relevant DCJ/LAHC officer cannot be contacted (e.g. outside of business hours) the CHP should take such reasonable steps as required to avert immediate damages or danger to person(s) or property(ies). For properties managed under a Social Housing Management Transfer Lease issued prior to 2021, the Maintenance Engagement Deed (MED) will apply until 30 June 2021.

2.4 Initial Incident Notification – Information Required

Following a notifiable insurance event as per sections 2.2 - 2.3, LAHC requires the following information to be provided by CHPs at first contact:

- details of the tenant(s) and any visitors at the property at the time of the incident, including any injuries, death and/or hospitalisation
- details of any temporary or permanent arrangements to relocate the tenant(s).
- details of the incident, including the cause (if known), description of damage and photos, if available. Include details of damage to any adjoining properties
- details of emergency services involvement. Provide a copy of the incident report(s) when available including the event number(s)
- details of contact made by local media, including any CHP press release issued.
- details of any risks present at the site and measures in place to manage those risks, including secure fencing and boarding up of windows. If asbestos is present or suspected, provide details regarding the engagement of a hygienist
- information relating to smoke alarms, including activation during the incident and when the alarms were last serviced
- copy of the current insurance policy for the full replacement value of the property, and confirmation that the insurer has been notified
- contact details of the responsible person at the CHP to discuss the matter further.

Note: All terms of the lease continue to apply notwithstanding the notifiable insurance event.

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2.5 Further Information Required

Following receipt of the initial information above, LAHC requires the following information within 3 months of incident notification:

- Details of any investigation conducted by emergency services, including the event number
- Date of claim lodged with insurer
- Details of any disability modifications at the property.
- Assessment report detailing full extent of damage conducted by a suitably qualified person (e.g. structural engineer).
- Hygienist report if asbestos containing materials are present.
- Details relating to the insurance claim including:
 - scope of works (with site and building plans if available)
 - quotes
 - insurer's offer to repair or rebuild, and/or
 - cash settlement figure.

No action is to be taken with regards to the demolition, repair or rebuilding of any LAHC owned property unless advised by LAHC.

2.6 LAHC decision

Following receipt of all required information, LAHC will advise the CHP of its decision to either repair, rebuild or request cash settlement. LAHC will provide its decision and Owner's Consent (if applicable) within one month. Where a (Complying Development Certificate) CDC or Development Approval (DA) is required, LAHC will provide a final Owner's Consent letter following receipt of plans and a completed CDC/DA application.

2.7 Demolition

Where a property is considered by the insurer to be a total loss, the demolition of a building will need to be prioritised by the CHP prior to a decision being made by LAHC on the future of the site. The demolition should be managed by the CHP and/or insurer following LAHC approval.

In the event that either LAHC determines to accept a cash settlement from the insurer and demolition is required, or where a demolition order has been served by a local Council, LAHC requires a at least two and may request three independent quotes to be obtained for the demolition work. CHPs may wish to obtain a quote from a provider listed on the NSW Government's Prequalification Scheme for General Construction Works: [https://buy.nsw.gov.au/schemes/general-construction-works-up-to-\\$1-million](https://buy.nsw.gov.au/schemes/general-construction-works-up-to-$1-million).

Following the demolition of buildings, LAHC requires a completion certificate stating the works have been satisfactorily completed to the scope of works and no longer presents a risk.

Where asbestos is present, LAHC requires a hygienist report certifying that the site has been fully inspected and now presents an acceptable risk with regard to visible and potentially concealed asbestos and is suitable for residential use.

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NOTE: If at any stage during the management of a notifiable insurance event other hazardous materials are suspected to, or are likely to have contaminated any affected areas, LAHC requires the CHP to organise all necessary measures to identify and appropriately de-contaminate those areas in accordance with section 4.7 of the General Property AMF.

2.8 Repairing or rebuilding properties

The following are common requirements for repairing or rebuilding properties:

- The CHP or insurer is to be the Principal in any building contract. The type of contract used is between the CHP/insurer and builder.
- The contractor engaged for rectification works must comply with all relevant statutory requirements and codes including but not limited to the National Construction Code, Home Building Act 1989, Work Health and Safety Act 2011, Work Health and Safety Regulation 2017, and Building Sustainability Index (BASIX).

Upon completion of work, LAHC is to be provided with either a Final Occupation Certificate (if required by the local Council) or a report certifying that work completed encompasses the entire scope of work, and is in accordance with all statutory requirements and codes by a suitably qualified individual.

If friable asbestos was present prior to work occurring LAHC requires a hygienist report certifying that the site has been fully inspected and now present an acceptable risk with regard to visible and potentially concealed friable asbestos and is suitable for residential use.

2.9 Cash settlements

LAHC is not obligated to repair or rebuild properties following notifiable insurance events. In some instances, LAHC may request that a cash settlement be provided. In making a decision to accept a cash settlement from the insurer, LAHC may consider the following factors, including but not limited to:

- Local social housing concentration
- Anti-social behaviour in the locality
- Any physical constraints to the property (e.g. flood or bushfire affectation);
- Planning controls
- Local asset utilisation and condition, and
- Local area demand.

Where LAHC requests a cash settlement to be paid for the property, the CHP is required to facilitate the payment of the proceeds of claims in a timely fashion. The CHP will be required to reimburse LAHC for the full replacement value of the property.

Enquiries

CHPs are welcome to direct any queries regarding insurable events to the LAHC mailbox: LAHC-CHPEnquiries@facns.gov.au.

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