

Levy Cover

This is an explanation in “easy to understand text” more about the Levy Cover Policy also known as STILUS by product name.

This policy is available via many brokers and insurers throughout South Africa, i.e the policy is not exclusive to Addsure.

Addsure specialises in Sectional Title Insurance advice and assists bodies corporate and Home Owners Associations with insurance needs.

This is a product which protects communities against non-payment of levies in other words, a policy which maintains the all-important cash flow at a small monthly cost to the community. It may be an appropriate product for your body corporate and worthwhile considering.

What Levy Cover consists of

The cover includes the following:

Section A - relates to unpaid levies claimed after the inception date of the policy

Direct loss of legally recoverable levies, special levies, charges, interest and claims preparation costs in respect of each unit claimed for from date of inception of the policy.

Section B - relates to unpaid levies up to 3 years prior to the inception date of the policy

Direct loss of legally recoverable levies, special levies, charges, interest, taxed legal fees and claims preparation costs in respect of each unit claimed for, including losses suffered up to 3 years prior to date of inception of the policy.

Limits of the cover

Levy cover is limited to 10% of the current insured replacement value of a unit, as reflected in body corporate's material damage policy unless otherwise arranged / agreed.

Benefits of Levy Cover

- Payments made to body corporate schemes in settlement of claims are outright payments, which are subrogated and are not loans to the body corporate.
- Claims are settled quickly.
- Bodies Corporate cash flows are guaranteed.
- Enables common property to be maintained on a regular basis to a high standard.

Special Features

- The cover is substantial – up to 10% of the insured replacement value of the unit.
- Complex becomes immediately financially stable.
- Attorney's costs and legal delays have no impact on the body corporate.
- Policy is easy to understand and conforms with Treating Customers Fairly
- Accumulated arrear levy debt can be turned into cash.
- Banks will consider levy debtor insurance most favourably when potential purchasers' apply for bonds.

Key Benefits

- No sudden unbudgeted legal expenses and delays.
- No shortfall in collection of levies or strain on the budget.
- Trustees will not need to act as a debt collector against their fellow members.
- With adequate and proper budgeting the body corporate will always be solvent.
- The body corporate will always have sufficient funds to ensure that budgeted items for maintenance and property improvements can be undertaken.
- Less stressful environment is created for all concerned parties including trustees, members, managing agents, occupants and creditors of the complex.

Application for Levy Cover

Policies can be arranged easily via Addsure.

Step 1 – Request a quote from Addsure

Step 2 – Receive quotation and letter of Advice from Addsure

Step 3 – Complete the proposal form, mandates and resolutions.

Step 4 – Claim

To request a quote, contact us at info@addsure.co.za / (021) 551-5069

When requesting a quote in respect of Levy Cover for a particular body corporate, the following information will be required:

- (i) Body corporate's full name and sectional-title number.
- (ii) Physical address of Body Corporate's property
- (iii) Number of flats/factories/office units in the Body Corporate
- (iv) Contact details of Managing Agent

Naturally, if you are already an Addsure client, this information is already in hand.

Good Governance

After a Levy Policy is incepted the following documents will be required by the underwriter in due course:

- (i) Trustees Resolution confirming Stilus policy be purchased
- (ii) Minutes of last Annual General Meeting
- (iii) Minutes of Trustees Meeting wherein normal levies were approved
- (iv) Minutes of Trustees Meeting approving a special levy (if applicable)
- (v) Current Levy Schedule and Participation Quota
- (vi) Current Budget
- (vii) Latest audited Financial Statements for past Financial Year
- (viii) Current debtors list
- (ix) Insured Replacement Values of Units in material damage policy
- (x) Conduct Rules
- (xi) Management Rules (if Standard Rules do not apply)
- (xii) Defaulting Body corporate owners' contact details

When the underwriter is satisfied that good governance is in place, the body corporate will be advised accordingly in writing. Thereafter the body corporate's claims can be settled without any unnecessary delay.

Calculation of the Premium

Quotes for a standalone policy for Levy Cover are invariably provided within 24 hours.

The premium is inexpensive and is calculated on the number of units in the sectional-title scheme.

The rate normally approximates to about R10 per unit per month.

A minimum premium of R100 per month applies.

The insurance policy covers all types of complexes including flats, factories, offices, shops and hotels.

What is included in Levy Cover?

- All legally recoverable levies and special levies
- Accumulated unpaid amounts up to 3 years old prior to starting date of the policy
- Electricity and water charges
- Debt collection costs incurred up to date of claim
- All accrued interest up to date of claim

What is NOT included in the Levy Cover?

- Penalties and fines
- Disputed claims
- Debtors who have been liquidated or sequestrated

What is the client's duty (Insured's duty)?

- Adhere to all the terms and conditions of the policy
- To ensure that the information relating to the insured property is accurate and correct.
- Inform the underwriters if any information contained in the schedule/quotation is incorrect.
- If the premium is paid by Debit Order inform the underwriter of any changes in banking details
- Provide the underwriter with essential documents upon request to enable the underwriter to ensure that good governance is in place.
- Ensure that premiums are paid timeously.

Please note that trustees and managing agents are not permitted to issue Levy Clearance Certificates unless they receive the underwriter's prior written authority. This authority will only be given, after the underwriter has recovered all outstanding amounts from the defaulting member.

Claims Assessment Centre

The Claims Assessment Centre provides services to all Levy Cover / Stilus clients. Treating Customers Fairly is a cornerstone of the underwriter's philosophy. Its Levy Recovery Department ensures that claims are recovered in a friendly, efficient and cost effective manner.

Claims should be directed to the Claims Assessment Centre:

Email: claims@levycover.co.za
Call 0861 222 668

A Standard Claim Form must be completed for arrear levies and all ancillary charges such as electricity and water, arrear interest up to time of claim, debt collection costs already incurred and claims preparation costs.

For claims in respect of debt accumulated prior to the inception of the policy, details of the current collecting attorney or debt collector must be given, if the matter has been handed over.

How to make a claim?

A body corporate can submit a claim at any time during the month.

Claims should be submitted via email to claims@levycover.co.za.

Upon receipt of a claim, the underwriter will request relevant supporting documents, including a copy of the debtor's current levy statement.

If all documents are in order, the underwriter will register the claim.

The claim will be settled by payment into the bank account of the body corporate as soon as possible.

Upon receipt of the payment of the claim, the debtor's levy account must be credited with the reference "LevyCover Claims Payment".

The underwriter's friendly staff are always available to assist trustees or their managing agents in completing Claim Forms.

If a debtor continuously defaults, the trustees can make claims as often as every 2 months.

Section A - relates to unpaid levies claimed after the inception date of the policy

All claims paid in terms of Section A for debt incurred after the date of inception of the policy, will be paid in full with no deduction whatsoever. The minimum claim is R1000.

Section B - relates to unpaid levies up to 3 years prior to the inception date of the policy

Claims paid in terms of Section B for debt accumulated before the date of inception of the policy are subject to the following conditions:

- (i) Minimum amount of claim is R5000
- (ii) Excess of R1500 applies or 10% of the claim, whichever is the greater
- (iii) Accumulated arrear amounts must not be older than 3 years prior to the inception of the policy.

Underwriting Manager (UMA)

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Where Addsure is your advisor

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