

Trustees – How to deal with the Annual Letter of Advice

What do we as trustees receive?

A couple of weeks ahead of policy renewal, Addsure will send the trustees (via the managing agent) a Letter of Advice (LOA) and supporting documents.

The documents enclosed are:

LOA – Letter of Advice

RP – Renewal Pack

SRV – Schedule of Replacement Values

What is the Annual Letter of Advice (LOA)?

The insurance policies of the body corporate are by nature short term insurance policies which means that they renew annually or expire after the year has ended. Every year, the short term insurance broker / advisor for that policy, should provide the trustees with the current insurer's renewal invitation together with advice on how to deal with the insurance policy for the ensuing year. There could be one policy or more e.g. there could be the buildings policy plus a fidelity policy plus levy guarantee policy and more. Thus, there could be a need for various bits of advice. Because the Insurance Advisor needs to dispense this advice to the trustees, usually via a managing agent, it should definitely be in writing – the best format is a LETTER OF ADVICE (LOA). The Managing Agent, should forward the advice to the trustees for decision making unless mandated to make the decisions obo the Body Corporate.

What should the Letter of Advice (LOA) contain?

The Annual LOA should contain salient information such as sum insured, proposed sum insured for the ensuing year, present premium, proposed premium, present rate vs future rate, claims ratios, comparative quotes analysis and advice on whether to renew or replace the policy. It should be the one stop guidance document with as much information available as possible, yet in an easy to read and understand format.

Why is the Addsure LOA so helpful?

The LOA you receive from Addsure is produced in a simple format so that it is easy to understand and Addsure's advice is clear in that it helps you make a decision.

Instead of providing the trustees with a long-winded advice letter, the trustees receive one letter in which the salient information is reflected. The detail can be found via links referring trustees to more information.

The first layer is the actual LOA, a two page electronic (pdf format) or paper letter set out in point form setting out the salient information and a summary of comparisons. The Advice is summarised in a block duly signed by the advice giver – an Addsure Financial Advisor.

The second layer is the links to detailed advice and further information / reading on the subject matter as well as the renewal pack detail attached. This structure allows for quick easy reading with the option to drill down into the detail. Deeper layers can be found by drilling further via the links. This keeps the process quick and easy to read with options to "read more" without being bombarded with too much information at once.

What is the RP document Addsure encloses?

In a nutshell, RP means “RENEWAL PACK”. This is the detail packaged together in an organised way. Each RP (Renewal Pack) contains a summary of the quotations, the actual renewal invitation, quotations and claims history. This is always packed in this way to maintain a standard routine way of looking at renewals in detail.

What is the SRV spreadsheet?

This is simply an abbreviation for SCHEDULE OF REPLACEMENT VALUES being the all important schedule which sets out each owner’s unit sum insured. Much more about this is available on the Addsure website. Here among the renewal documents, the SRV (Schedule of Replacement Values) is default generated schedule based on the proposed policy sums insured. [CLICK HERE](#) FOR MORE

What should trustees do?

Trustees should read the LOA and consider ADDSURE’s advice in the letter – set out on page 2 in the block marked “recommendation”. Addsure will advise whether to remain with current insurer or change insurers around annual comparative quotes. Addsure will also add other snippets of advice. Trustees should then confirm the recommendation or instruct Addsure via your managing agent. This can be done Round Robin or at a trustee meeting. Usually, the managing agent facilitates this.

Why is so important?

More recently, there has been more emphasis placed on consumer rights and treating customers fairly. As such trustees and managing gents need to be well informed when making decisions and have on record, the basis on which their decisions were made. Many times, Addsure’s LOA and supporting documents have been in place and proven to owners why decisions by trustees were taken Trustees and Portfolio managers thus have proof and supporting documents to file with minutes and resolutions taken.

Besides it being mandatory for intermediaries to keep and provide a record of their advice, Managing Agents / Portfolio Managers cannot be expected to present insurance quotations at trustee meetings and then advise on which one to choose – if not licensed and/or an authorised advisor is not present, a letter of advice about the quotations should be presented. The incorrect decision without fit and proper advice could land trustees and portfolio managers in a lot of trouble. Read More by [CLICKING HERE](#).

The Managing Agent’s role

This will vary however; generally, the role is one of facilitating, communication and record keeping. The managing agent / portfolio manager usually receives the Renewal Documents from Addsure for onward distribution to the trustees. The Managing Agent will often communicate with trustees, obtain approval / round robin decision and return the decision and acknowledgement to Addsure. The managing agent will normally arrange valuation in need and keep on record, the documents provided. The SRV will most likely be used / enclosed with the Agenda at the next Annual General Meeting.

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