

03.15 Property Insurance

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1. About this policy

1.1 Why this policy?

The Bank requires acceptable building insurance cover on a replacement and reinstatement basis over the real estate property used as security collateral for the loan.

Insurance cover will protect the value of the secured asset in the event the owner and Bank is required to rely upon it.

Adequate insurance cover is to be maintained for the duration of the loan.

2. Rules you must apply

2.1 Responsibilities

It is the responsibility of the borrower to:

- Take up the building insurance cover prior to loan settlement with an Australian insurer
- Take out any other insurances required by policy, such as builder's risk insurance
- Negotiate with the insurer on the minimum cover amount with a recommendation of full replacement cost
- Have a current or renew building insurance policy during the loan contract term. Failure to do so is a breach under the terms of the contract and mortgage by borrower/ mortgagor.

The Bank cannot suggest a minimum amount the property must be insured for.

2.2 When and what cover is required?

Security Property Collateral Type	When is the cover required	What cover is required
Strata Title	This property insurance policy does not apply. If security collateral is of a different type, comply with the below policy	
Vacant land security collateral where the Bank is relying solely on the (vacant) land value		

Security Property Collateral Type	When is the cover required	What cover is required
Completed (not under construction) property	Prior to settlement	Building insurance policy or certificate of currency ^{1,2}
Property under construction- Licensed Builder	Prior to final progress payment being released	
Property under construction- Owner Builder	During construction	Builder's risk insurance ² which must: <ul style="list-style-type: none"> • be taken out by the owner builder • cover the building work
	Prior to final progress payment being released	<ul style="list-style-type: none"> • Building insurance policy or certificate of currency^{1,2}
Property under construction- Kit Homes/Transportable Homes	During periods of manufacture (Kit), transport/delivery (Kit and Transportable), and construction	Builder's risk insurance ² which must: <ul style="list-style-type: none"> • be taken out by the borrower • cover the building work • cover the whole period until practical completion (lock up)
	Prior to settlement (first advance)	Building insurance policy or certificate of currency ^{1,2}
¹ Must: <ul style="list-style-type: none"> • be on a replacement and reinstatement basis for an amount at least equal the full replacement cost, and • cover against fire, storm, flood cover in flood prone areas and other risks as might be specified ² The Progressive Draw / document preparation / settlements team must ensure that evidence of the required insurance(s) is held		

2.3. Insurance policy details (Certificate of Currency)

The copy of the Insurance Policy or Certificate of Currency must include the following:

- The owner of the security collateral (upon settlement / drawdown)
- Policy number
- Insurance company
- Expiry date of the policy
- Adequate description of the location of the security collateral, e.g. address, title details
- Amount of cover on a replacement and reinstatement basis for an amount at least equal to the full replacement cost

Change History

Amendment number	Amendment issue date	Description of changes
1	3 November 2021	First OBP issue online for Brokers on the OKA platform.
2	10 November 2021	Links updated
3	20 November 2022	Policy Standards and Procedure rewrite
4	19 February 2023	Change 1 Remove Document requirement for Banks Interest as Mortgagee to be noted on Insurance policy

Comment on this policy

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