Condominium Home Owners' Association of British Columbia
Leadership, Education and Resources for strata owners across BC
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Bulletin: 200-149

Before an Insurance Claim: What to remember when purchasing/renewing your strata insurance policy?

Publication / Date: The CHOA Journal-Fall 2016
Written by: CHOA

- Is the appraisal of common property and common assets current? _____

- Does the strata have other liabilities to insure? For example: what is the risk of liability if the strata corporation operates a commercial entity such as a golf course or marina? _____

- Does the policy cover the full replacement value? _____

- Are all the fixtures covered, including upgrades or show suites that were installed or constructed by the owner developer? _____

- Are all perils covered? **"major perils"** means the perils of fire, lightning, smoke, windstorm, hail, explosion, water escape, strikes, riots or civil commotion, impact by aircraft and vehicles, vandalism and malicious acts. _____

- Are there additional perils required in your strata bylaws? Example: Director's and Officer's liability insurance is not a mandatory, and may be required by the bylaws. It is for the protection of council members and the strata manager in the event of a claim. _____

- What amount of liability is sufficient? $2 million is the minimum; however, the type of strata, and physical risks may require a higher amount, such as $5 million or more. _____

- Are there any exemptions to the policy? _____

- Does your strata corporation have any employees or volunteers? The policy may include limited coverage for injury, employee fidelity, personal injury, medical expenses, employee benefits _____

- Do the strata council and owners clearly understand the impact of the insurance deductible values and how they apply? For example, an earthquake deductible % applies to the total appraised value of the strata corporation, not the value of claim. _____

- What's is the deductible cost or percentage for the following?

Water Escape	_____	Sewer Back up	_____
Glass	_____	Earthquake%	_____
Key Loss	_____	Flood	_____
Fire	_____	Riots	_____
Impact	_____	Vandalism	_____
Other, grow op/environmental damage			_____

- Has the strata council negotiated a higher deductible amount for perils without the approval of the strata corporation? If so, have you notified the owners of higher deductible amounts so they can adjust their personal homeowner/landlord insurance? _____

- Are there additional living out expenses available through the strata policy in the event of a loss requiring owners and tenants to vacate the strata lots? Who is covered? For what period? _____

- Are owners, landlords and tenants notified of any changes in the policy on renewal and their obligations to insure their personal assets, personal liability and betterments in a strata lot? _____

Your insurance broker is a professional who provides a reliable resource when negotiating insurance for your strata corporation. Confirm in writing with the broker if the policy meets the requirements of the *Strata Property Act* and the risks for your specific strata corporation.
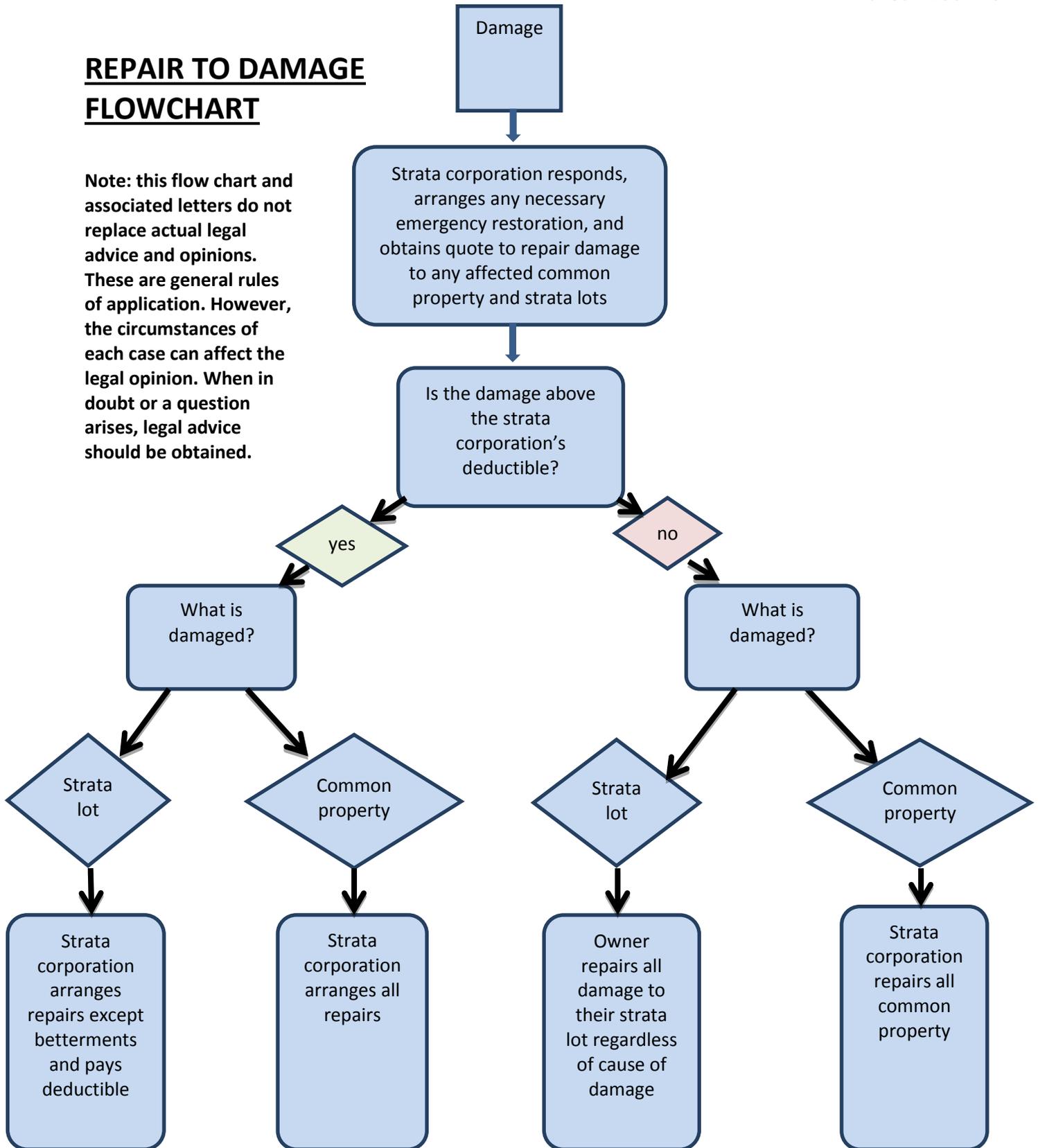
A prudent practice is to submit a request in writing to your broker requesting a list of exemptions if any, and the risks associated.

When a loss occurs: the following chart is helpful to understand the cycle of the claims, and who may be responsible for the deductible.

Note: The following chart is courtesy of Clark Wilson LLP (www.cwilson.com) –

REPAIR TO DAMAGE FLOWCHART

Note: this flow chart and associated letters do not replace actual legal advice and opinions. These are general rules of application. However, the circumstances of each case can affect the legal opinion. When in doubt or a question arises, legal advice should be obtained.

Damage

Strata corporation responds, arranges any necessary emergency restoration, and obtains quote to repair damage to any affected common property and strata lots

Is the damage above the strata corporation's deductible?

yes

no

What is damaged?

What is damaged?

Strata lot

Common property

Strata lot

Common property

Strata corporation arranges repairs except betterments and pays deductible

Strata corporation arranges all repairs

Owner repairs all damage to their strata lot regardless of cause of damage

Strata corporation repairs all common property

NOTES: Strata corporation may be able to charge back the deductible or damage below the deductible if there is a valid chargeback bylaw and the threshold set out in the bylaw is met (i.e. negligence or responsibility). If there is no chargeback bylaw, the strata corporation may be able to sue the owner for the deductible under s. 158(2), but not the damage below the deductible. Where damage is below the deductible, the "innocent" owner may sue for reimbursement of strata lot repairs if the damage was caused by the negligence of the strata corporation or the negligence of another owner.