

Condo Smarts

Headline: Sewer back up in my condo. Who pays?

Topic: Insurance

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Written by: Tony Gioventu

Dear Tony: We came home from a weekend trip to discover an awful mess in our condo. Somewhere in the strata drainage system there was a blockage and our sink backed up damaging our new kitchen renovation and hard wood floors. The strata insurance provider were quick to respond and restoration was on the scene immediately, but we have just been informed by our home owner insurance provider that our policy did not include sewer back up for betterments. We have become so accustomed to banking, communication and purchasing on line we never gave it a second thought when we renewed our policy for this year. We reviewed the policy approval and never declined any such coverage. We just assumed this was part of every policy. As it turns out, not. Our cost for the kitchen and hardwood floors is likely around \$20,000. Do we have any way of recovering this amount?

John Wilson

Dear John: It is unlikely that you are left with many options to claim these costs against anyone. When we purchase insurance on line and click the acceptance box, we are not only accepting the terms and conditions of the contract, but within the on-line approval sequence there will be some sort of declaration that you are aware and agree to the terms and conditions of the contract and any exemptions. Corporations prefer on line services because it reduces overhead costs, but brokers play an important role interpreting your policy and ensuring you have the best coverage possible. There is a remote possibility you could seek a claim against your strata corporation for the cost, but you would be required to prove some sort of negligence and show a history of plumbing failures that have not been attended. That doesn't necessarily make the strata responsible for your loss because your insurance did not cover the damages. In any case, investigate all options closely and consult with your lawyer. Marjorie

Andersen at Hub International advises condo owners to speak directly with a broker and find out what may be exempt from your policy. According to Marjorie: "Renewing a policy on line can be a risk because you are not speaking with a broker who may be asking you questions about your home owner policy that could significantly impact your insurance. You could find that you are simply checking boxes to accept or decline coverage for certain perils without knowing the details or the implications. There are many nuances in strata and unit owner policies alike and every policy is different. Sewer back up coverage is not standard on all home owner/landlord condo policies and as a result you may not be covered unless you have specifically requested the additional coverage. And if sewer backup is included on your policy, the coverage may be limited and subject to a high deductible. Insurance buyers have the right to ask the following questions and get a reliable answer: Are there any exemptions/exclusions on this policy? Can I purchase insurance to cover those exemptions? What is the additional cost?" In the insurance industry, as consumers we don't know what we don't know. That is why we use reliable and informed brokers.