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## Condo Smarts

Headline: Insurance Deductibles

Topic: Insurance

Publication / Date: The Province, Sept 12th, 2019

Written by: Tony Gioventu

**Dear Tony:** You mentioned in your Sept. 5 article that discussed the \$75,000 in water damages to three units, where the deductible is \$100,000, that "each Strata lot owner will be responsible for the repairs to their owner units". Are you saying that the three impacted owners alone must pay for the repair of their own units? In our Strata, the building envelope is the responsibility of the Strata so I fail to see how the affected owner gets stuck with the deductible on their own unit. All owners should have to pick up their entitlement share of the deductible despite the damage only applying to three units.

*Vic*

**Dear Vic:** Since last week's column I have received over 100 emails demonstrating confusion or disagreement over the situation where the 3 strata lot owners are each left with their own losses, because the amount of a claim is below the deductible. This is a significantly misunderstood problem and exposure of liability in strata corporations. Almost every strata corporation has adopted or maintained the standard bylaw which defines an owner must maintain and repair their strata lot. Except for a claim where the amount exceeds the deductible and a claim is processed, it is the responsibility of each strata lot owner, to repair the damages to their own strata lot.

This is a grim prospect for many strata lot owners, especially those who have not sufficiently insured their units for these types of losses, or where the deductible is now so high, they cannot obtain insurance coverage. If you apply the standard bylaws, the corporation does not have the authority to enter the strata lot to pay for the repairs.

A strata corporation may adopt a bylaw where they will take responsibility for the repairs to a strata lot for damages in the event the amount is below a deductible, but that also assumes a number of risks for claims under different circumstances that may not be desirable or fair to the remaining owners.

When a strata corporation is faced with a high deductible, the cause must be identified. If the causes are manageable, deal with them. If a building is experiencing continual claims for water escape because the piping is failing, move quickly to have a project for re-piping approved or if your strata corporation is not willing to approve a special levy or repairs file a claim with the Civil Resolution Tribunal to order the strata corporation to proceed with repairs, or in extreme case an application to the Supreme Court of BC for repairs or the appointment of an administrator.

If the strata corporation has not met their obligations and neglected the building systems, resulting in uninsurable claims and repairs, the affected owners may have a claim against the corporation for their losses.

I strongly recommend every owner, whether you are a resident or landlord, obtain home owner insurance to cover your personal liabilities, living out expenses, coverage for personal contents which includes appliances, betterments, and most important, sufficient insurance to cover your personal exposure. Try to cover the risk of a high deductible in the event you are responsible for a claim, or if the deductible is high and your strata lot is affected by an uninsurable claim.