
Condo Smarts

Headline: Buyers Risk

Topic: Insurance

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Dear Tony: Our family has been shopping for a 2 bedroom condo for the past 3 months and finally found a location and price range that fits our needs. We put in an offer on the condo subject to receiving specific records and documents and reviewing the depreciation report. One of the documents we specifically requested was a copy of the strata insurance policy. As we are following all of the recent news on insurance issues, our agent has recommended we review the insurance and understand the potential risks we may face. The strata corporation and manager of this property has advised we are not entitled to a copy of the insurance policy until we are owners, as this is a privacy issue. This immediately raised a concern for us. If we are not entitled to obtain a copy of the policy before we purchase, how can we determine what risks we may be exposed to if we cannot obtain strata records?

Darlene M. Richmond

Dear Darlene: There are two methods of obtaining records from a strata corporation if you are considering purchasing a unit. It is recommended buyers request a Form B Information Certificate. The certificate discloses general information about the strata corporation including judgements against the corporation in the courts or tribunals, the number of rentals, parking space and storage locker designations and allocations, current balance in the contingency reserve fund, and must include a copy of the most recent depreciation report.

The depreciation report is valuable in reviewing future major maintenance and renewal cycles. It will estimate when common components such as roofing, exterior cladding, doors and windows, elevators, plumbing systems are due for replacement and the estimated costs. This will give you an opportunity to compare the balances in the contingency fund with future demands on funds by the corporation.

Documents such as the annual budget, copies of the bylaws, minutes of meetings, any other types of engineering reports and the annual insurance policy must be retained by the strata corporation and are available on request of an owner. When an owner retains an agent to sell their unit, they assign the rights to that person to be able to request records and documents. Have your agent, through the seller's agent submit a written request for the specific documents. There are no privacy conditions or restrictions that apply to those items the strata corporation must retain, and they must make them available on request to the owner or their agent(s). The strata corporation is entitled to charge 25 cents per page per copy and may withhold the copies until the amount is paid.

When you obtain a copy of the insurance policy, review the deductible amounts for water escape and other types of claims. In the event that you become an owner, and there is a claim from your strata lot where you are deemed to be responsible, the strata corporation is entitled to proceed to the courts or the Civil Resolution Tribunal to collect the deductible amount. If the deductible is \$50,000 or \$100,000 you could be responsible for that amount. To protect your personal liability against claims or the risk of a deductible, it is vital owners purchase home owner condominium insurance. Bring a copy of the strata corporation policy to your home insurer and they will assist you in understanding the deductible rates and how they are best covered. It may also be valuable to review the date the policy is renewed. In these times of a restricted insurance market, a renewal in the next month may result in dramatic changes of the policy depending on the claims history, age, and risks of the strata corporation.