

## Condo Smarts

Headline: Insurance regulation changes

Topic: Insurance

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**Dear Tony:** Our strata corporation renewed our insurance for September 1<sup>st</sup> and while we did not have the dramatic increases in costs experienced by many of our neighbours, we were very concerned about our policy as we did not have notice of renewal of costs until 5 days prior to our deadline. This created a lot of stress for our strata council and owners. We assumed we would receive notice of our renewal costs at least 2 weeks before the deadline as we were on a deadline to send out notice of our Annual General Meeting prior to the 60 days expiring. Even our nominal 46% increase will result in an increase to our strata fees which we have to somehow address at our AGM. We have scheduled an electronic meeting for our AGM where owners will attend by Zoom, but how do we manage the increases to cover the costs not allocated in our proposed budget?

*Martina V. Kelowna*

**Dear Martina:** Your budget concerns are a simple issue to resolve. At your annual meeting, the proposed budget can be amended by a simple majority vote, so the additional cost of the insurance can be allocated, and this will result in increased fees. If the budget is amended, and the fees change, the strata corporation must issue a new notice indicating the schedule of new fees to all owners.

Also, under emergency orders the period for the Annual General Meeting has been increased from 60 days to 120 days, giving strata corporations additional time to adjust for the circumstances. As well, remember that under the emergency orders strata corporations have two options for general meetings. They can hold them in person if they comply with the assembly limitations and distancing requirements or a strata corporation may convene their meetings electronically if all participants can communicate with each other. A meeting where owners submit only proxies is only possible if all owners consent; however, a strata corporation cannot impose this condition on owners as proxies are at the discretion of owners and only owners

may decide who is representing their proxy. Owners are entitled to attend either meeting and exercise their voting rights.

If your strata corporation is holding an electronic meeting, it may be valuable at this time to include a proposed bylaw that permits electronic meetings for general meetings. Many strata corporations have found the ability to hold electronic meetings has increased participation with great success. Once the emergency orders expire, electronic meetings will require a bylaw unless the legislation is amended.

On September 4, the provincial cabinet approved a new set of regulations under the Financial Products Disclosure Regulations that now require insurers and insurance brokers to provide significant notice of renewal of insurance policies and the disclosure of commissions earned on the placement of policies. If there is a material change in the strata insurance contract, the insurers must provide at least 45 days notice to the strata corporation or their broker if the insurer intends not to renew the insurance. If the insurance broker has received the notice, they must then provide at least 30 days notice to the strata corporation of the same conditions.

These regulation changes will hopefully provide both the insurance brokers and the strata corporation clients with sufficient notice to assess their renewal options and planning. While insurance brokers work directly with the insurers providing the coverage to strata corporations, they are often in the same situation as strata councils waiting for insurers to confirm coverage along with pricing terms and conditions. These regulations come into effect November 1, 2020 and are a positive step by government towards consumer protection and disclosure for insurance renewals.