

Condo Smarts

Headline: Disclosure of insurance

Topic: Insurance

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Dear Tony: I purchased a 12-year-old strata unit in Vancouver On October 15. My offer was submitted September 15th and on the advice of my agent I requested the normal documents of the strata corporation such as minutes and an information form which included the depreciation report and the parking and storage allocations. All the documents were in good order and provided excellent information. What I did not receive or realize was a critical document was the insurance information. The building has a good claims history with only 1 claim for an overflowed bath tub 6 years ago, but I was shocked to discover in the Annual General Meeting notice the report on insurance that was renewed September 1st has dramatically increased in cost and the deductibles for the building have gone from \$25,000 to \$100,000. Had I known the implications of the insurance I may have considered other options or properties. Is there a simple mechanism for buyers and owners to access insurance documents or at least be aware of the current state of renewals and costs? This also occurred to me that if I caused a claim in the building, I could be on the hook for a \$100,000 deductible. I managed to obtain homeowner insurance to cover that amount, but it was also at significant additional cost.

Jenny M.

Dear Jenny: In the summer sitting of the legislature Bill 14 included several new obligations for strata corporations under the *Strata Property Act*, with two amendments that specifically apply to insurance disclosure and notice.

The first is with respect to owners and tenants. "A strata corporation must inform owners and tenants as soon as feasible of any material change in the strata

corporation's insurance coverage, including any increase in an insurance deductible."

Prior to this amendment strata corporations had an obligation to only provide a report on insurance as part of the Annual General Meeting. While the report on insurance remains an obligation, the strata cannot wait until the next AGM. The best practice is to issue a copy of the insurance renewal summary that shows the deductibles, increases and any exemptions or exclusions immediately on receipt. Owners may still be insuring their risks on their homeowner policy based on the \$25,000 deductible, and yet the increase to \$100,000 as part of the new policy is a liability that could occur at any time for any owner.

The second amendment that is critical for buyers applies to the summary of the strata insurance. A Form B Information Certificate provides a snapshot of the business affairs of a strata corporation at the time it was issued. This change is pending a regulatory amendment and is not yet in effect. However, once in force the Form B Information Certificate must also "include a summary of the strata corporation's insurance". The Form B is based on the requirements listed in Section 59 of the Act; however, the Act also has a published list of Forms. Strata corporations should prepare for, and anticipate, this regulatory change.

Even though this change is not yet in effect a good tip for buyers is to always request a copy of the strata insurance summary and review the renewal dates and the deductible values. You may also want to request a copy of the claims history as a claim in the current year may have a significant impact on future insurance policy costs and deductible rates.