



Strata Living

Headline: Strata Insurance

Topics: Insurance

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Written by: Tony Gioventu

Dear Tony: We have been recently approached by the company who did our appraisal for insurance in 2015 and advised that we must have an annual insurance appraisal to meet the requirements of the Strata Act. Is this correct? We cannot find anything in the legislation or on line?

Terri Miller

Dear Terri: The *Strata Property Act* requires that the strata corporation must insure all common property, common assets and fixtures that were originally installed by the owner developer, for full replacement value. The *Act* does not require an annual appraisal to establish replacement values. To establish the full replacement value, an independent licensed insurance appraiser is retained to conduct an appraisal of your property. They determine the cost of replacing the insured components at the current construction value and cost at the time the report is issued. The appraisal is provided to the insurance broker who uses the values to place your insurance with insurance providers.

The insurance broker for your strata corporation is the best party to determine the frequency of your appraisals. Contact your insurance broker in writing and confirm the value of the appraisal and frequency. Your insurance broker will advise you on the frequency

of the appraisals that are required to meet the conditions to determine the replacement values. In several instances insurance providers are providing values for cost of living increases or guaranteed replacement value of cost to accommodate the risk of value changes in short term periods which alleviates the need for annual appraisals or the risk of underinsurance. For all policies speak directly to your broker and obtain written confirmation that your strata corporation is insured for full replacement value for your current policy period.