

Condominium Home Owners Association

A non-profit association serving strata owners since 1976

Bulletin: 300-149

Condo Smarts

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Written by: Tony Gioventu

Dear Condo Smarts: We live in a nice 46-unit condo apartment building. Last year we had a major fire which destroyed six of our homes. The repairs to our units have now been completed and the insurance claims are being settled. To our dismay, we have been advised that we have been underinsured for over 10 years. We have not had new appraisals and the strata as a result will be left with paying over \$100,000 dollars as a result of the conditions of our insurance. Can we not recover these amounts from anyone? Do we, the owners, have to pay this?

- Ms. L. Winters

In an under-insurance scenario, there may be little anyone can do but pay their share of the cost. The prospect of legal action can be costly with minimal results, but I would recommend that the council review the circumstances with their lawyer before making any such decisions. Each homeowner's insurance may carry coverage too, so that should be reviewed closely as well.

Strata homeowners should review their policies closely every year. Confirm in writing with your insurer that your policy is current, and get updated information for homeowners' policies to cover possible losses.

Dear Ms. Winters: You are not the first strata to discover they are underinsured and faced with a large claim - some unfortunately, have been much larger. There are two important pieces of information to be considered. First, the act requires that the strata must be insured for full replacement value. That means that you must have routine appraisals provided for your insurer to assess your true insurance values and needs.

Second, it is the insured's responsibility to guarantee they have met the conditions of their insurance policy. Some strata owners have tried to blame their councils, managers or brokers for neglecting the requirements, and while some responsibility may be on their shoulders, it is still the strata owners who have this ultimate responsibility.

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