

Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-232

Condo Smarts

Headline: Strata can collect deductible

Topic: Insurance deductibles

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Dear Condo Smarts: My wife and I own a condo at Sun Peaks Resort in Kamloops. We belong to a rental pool in the winter and rent the unit out privately in the summer.

One of our tenants recently flooded our unit and 3 others after forgetting she was running a bath.

The damages exceeded \$40,000 and the strata deductible is \$5,000.

Last week we received a bill for the strata deductible and were told that if we did not pay it in 30 days we would be facing a lien for the amount.

We understood that strata deductible costs are a common expense. Can the strata charge us this amount?

-- Steve & Judy, Edmonton

Dear Steve & Judy: The Strata Act requires that the strata corporation must insure the common property and common assets of the corporation for full replacement value.

The deductible amount is a common expense, however; the Act does permit a strata corporation to recover the amount of a deductible if the owner, their tenant or guest is responsible for the loss.

The amount of a deductible cannot be liened, as it is not permitted by the Act. A recent court decision is going to make the process of determining how claims are paid much easier.

In the case of Strata Plan LMS2835 vs Mari, where the strata was claiming a deductible amount because of a washing machine flood, the judge concluded that Section 158 of the Act allows a strata to set the same standards of an insurance deductible that would exist in a single family home. The result is important, because all strata owners may be called upon to pay the deductible whenever their actions have caused the damage even though they were not negligent. This is a critical reason why every strata owner should have a condo insurance policy.

According to Mike Valiquette at Coastal Insurance, "all policies include loss assessment coverage, which is activated when an assessment against an owner, such as a deductible loss in this case, is legally made in accordance with the bylaws of the strata, or the Act, The amount of coverage and the amount that can be applied as a result of your strata corporation's deductible varies from policy to policy."

As a strata owner, when you buy your condo insurance, bring a copy of the current strata policy along with you so you can ensure your coverage matches the deductible costs of the strata policy.

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