

Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-263

Condo Smarts

Headline: Don't dally over liabilities

Topic: Insurance: liability

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Part three of a five-part series on strata insurance

Dear Condo Smarts: Our strata community consists of seven separate strata corporations, with a total of 447 units. Within our gated complex, we have a clubhouse, guest house, pool and a golf course that is owned by the seven strata corporations but as a separate piece of property not included in our strata plan.

Our strata community association is fighting over who has to insure the different common facilities that we all use. Logic would tell me that everyone who uses the facilities pays for the insurance, but because the pool is on one strata plan, the clubhouse is on a second strata plan and the golf course is on a separate piece of land altogether, everyone believes only the relevant owners have to insure the property.

Our strata council in the 58-unit townhouse development is very concerned that through all of these disputes, we are not properly insured.

Our total insurance cost for the common facilities and the golf course is only \$12,000. Something has to be wrong here. Can you steer us in the right direction?

-- *Kootenay Hills Strata Association*

Dear Kootenay Hills Owners: There are many developments all over the province exactly like yours. They are designed as excellent master-planned communities that provide secured, gated communities, recreation facilities and a variety of common services, including golf courses, guest houses, air strips, marinas, ski hills, riding stables, exotic gardens and pools. Your concerns about your insurance

coverage is well founded. I reviewed your community plan and each of your strata corporations is bound or connected to each other by legal mechanisms filed with your properties.

Doug Correa at Aon Reed Stenhouse Insurance recommends to review your community plans, building and land-use covenants and agreements, and negotiate a master insurance policy to cover all of your common facilities.

When you have something like an independent operator of a golf course, be sure to negotiate the allocation of liabilities associated with the golf course, restaurant, bar, spa facilities, golf cart rentals and other related activities.

Not only does your golf course serve alcohol in the bar, it also serves alcohol on the golf course to golfers and drivers of golf carts that cross municipal roadways. There is a significant amount of liability here for your community and it needs to be addressed immediately.

Ask your insurance agent or broker if you are properly insured for your risks and if there are other types of coverage you should consider.

If you are not properly insured or you are underinsured, coverage can be limited to 50 per cent of a claim or less. We have many sad scenarios around the province each year of under or improperly insured strata corporations with significant claims and the owners end up paying the price. As an owner in a strata corporation, you will be paying your share of the cost if insufficient insurance does not cover the claims.

Don't forget, confirm everything in writing with all of the parties.

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