

Condominium Home Owners' Association

Serving BC's Strata Property Owners since 1976

Bulletin: 300-279

Condo Smarts

Headline: Insurance Deductible Levy

Topic: Insurance

Publication date: May 25, 2008

Publication: The Province

Written by: Tony Gioventu

Dear Condo Smarts: In recent years our strata building has suffered a number of water leaks. Bottom line, the owners are not willing to approve a special levy to replace the failing piping in our building. On May 1, our 27 townhouse owners receive a notice of a special levy, issued by the strata council to pay for an insurance deductible resulting from our recent claim. Each unit's share was \$926.00. Our owners have petitioned for a special general meeting to remove council for violating the Strata Property Act and imposing a levy without our permission. The council has also advised that if we don't pay the amount they will lien our units. As a strata owner I find this action offensive that council members have the arrogance to believe they are above the rest of the owners. John Arnot, Delta

Dear John: Sorry to be the bearer of bad news, but what the strata council did was totally legitimate within the legislation, within their scope of authority as council members, and likely in the best interest of the owners. Strata corporations have no choice but to pay for insurance deductible costs. That's a condition of the policy with your insurance provider. Hopefully, every strata owner, tenant and landlord in BC has a unit owner's insurance policy to protect them against such costs, but what's the point of a unit owner carrying a policy that covers a unit loss assessment if they cannot access the coverage? Contingency reserve funds take a

long time to build up and they can easily be wiped out with a few insurance claims. Strata owners need to take a moment to do the math. John's share of the deductible is \$926.00, but if his strata council imposes the special levy, he can claim this levy on his unit policy, with a deductible of \$500.00. Whether they spend it from the reserve fund or by special levy, it's going to cost him \$926.00. At least by levying the owners, he can access his insurance policy with a deductible of \$500.00, and save himself \$426.00. Unit owner's coverage is also critical if you are found responsible for a deductible cost as a result of a claim resulting from your strata lot or actions relating to you, your tenants or occupants. You also need to include the betterments done to your strata lot on your policy as they are not covered by the strata corporation policy. Items like upgraded hardwood floors, new kitchens and bathroom upgrades. A strata council has the authority to impose a special levy for an insurance deductible without the need for a 3/4 resolution or a special general meeting. The council will approve the resolution in accordance with the conditions set out in the Act to include the due date, the amount per strata lot and the purpose of the levy. Then council sends the notice of the levy to each strata lot owners, where they can in turn access their unit owner's coverage extensions to pay for the cost of the levy less and owners' deductible.

For more information on CHOA resources and benefits visit www.choa.bc.ca
or contact the office at 1-877-353-2462 or email office@choa.bc.ca.

No part of this publication may be reproduced without the prior written permission of CHOA

This publication contains general information only and is not intended as legal advice. Use of this publication is at your own risk. CHOA will not be liable to you or any other person for any loss or damage arising from, connected with or relating to the use of this publication or any information contained herein by you or any other person.