

Condo Smarts

Headline: To file a claim or not?

Topic: Insurance

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Dear Condo Smarts: Eighteen months ago our strata had a water leak where an owner left her sink running and went shopping. By time she returned the overflow has caused damages through 3 floors. The ceilings, drywall and carpets on the 3rd, 2nd and the 1st floors were all wet. A council member went into quick action and shut the building water down until we could source the claim, and the janitor rented dryers to assist in drying out the water damage. Council claimed the damages were minimal and even though they did contact the insurance company about the flood, they never proceeded to file the claim and executed the repairs themselves. It's a new council as of December 5th, and owners in these units are now complaining of mould smells in carpets, the lino is lifting, there's staining to ceilings that were repainted, and sprayed stucco is falling off. They are demanding that the strata open up the walls, assess the damages and make the proper repairs. Are we obligated to revisit these claims, or is just up to each owner to make their own repairs? One interesting piece of information in all of this, the culprit who caused the flood and decided not to file the claim was the president of council at the time. Delia Walker, North Van

Dear Delia: The real assessment needs to be made on the extent of estimated damages and how the strata will ensure that all repairs and restoration are properly conducted. A flood that damages four floors (the 4th floor carpets were also damaged) is serious because the water has managed to saturate cavities, building systems such as electrical, insulation, carpet underlay, epoxies, wood structure and decking, and indoor air quality components such as fans and venting. Depending on the age and quality of the carpets, simple drying may not be sufficient, and drying out carpets and leaving water in the hidden

cavities is going to result in mould and decay of your building systems. Contacting your insurance company to report a claim and have an adjuster investigate the damages, does not instantly result in a claim proceeding or an additional risk to your future insurance costs. If the amount is below the deductible and no claim proceeds then generally no, the insurance provider does not automatically adjust your future liabilities, unless the cause is as a result of a strata corporation perhaps neglecting their obligations. A good example of this is when a strata refuses to replace the plumbing in the building that is past its life expectancy and they have chronic pipe failures resulting in claims. According to the Strata Property Act, the named insured's on the policy include, the corporation, owners and tenants of lots shown on the strata plan and persons who normally occupy the strata lots. This is important to remember, especially if a claim only affects one strata lot and council decide not to proceed with a claim. As a named insured, an owner may still proceed with the claim, but be prepared for the deductible costs or amounts below if you are responsible for a claim. I suspect it may be more than a simple decision that the strata did not file a claim. If they had filed the claimed, the owner of the 4th floor unit (council president) would have been responsible for the insurance deductible, in the amount of \$25,000 for water escape. Like any decision where a council member has a direct or indirect involvement in the transaction, they must fully disclose their involvement, and not be part of that decision of council. Sadly yes, the strata may still have to look at proper restoration of the building which will likely cost much more than the original claim would have been, even with a \$25,000 deductible.

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