

Condo Smarts

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Dear Condo Smarts: We hope everyone will read our letter. Our tenant of 10 years moved out in October of 2012, and a new tenant moved in on January 1, 2013, after we completed a few minor renovations. During the Christmas holiday, while we were having the place repainted, the building water had to be shut off to permit some plumbing repairs on the third floor. The painters in our 7th floor unit, accidentally left the taps opened, when they tried without success to access water, and left the site. When the water was turned back on, the open taps obviously allowed the water to flow and debris plugged the sink. It was several hours before the flooding was discovered, as most of the 6th floor owners were away on holidays. The insurance deductible, which we have discovered is going to be our responsibility, is \$25,000, and the strata corporation have advised that if we do not pay the amount within 90 days they will commence a court action. We contacted our rental agent and our insurance provider and were horrified to discover that our insurance only covers a claim amount up to \$2,500. We are left out of pocket for the remainder. We never thought about this when we renewed our landlord policy on line. How can consumers protect themselves from vague language and the assumption that a policy renewal will cover everything?

David S. Peters , Regina Sask.

Dear David: Strata corporations are responsible to maintain insurance for full replacement value of all common property, assets and fixtures originally built by the owners developer and anything required within the strata corporation bylaws. As you have discovered, for the protection of all the owners, the strata corporation policy has

covered the cost of the reconstruction in the building; however, it will not cover personal items, betterments to strata lots, living out expenses of residents, loss of revenues of landlords, and the personal liability of each strata lot owner/landlord and tenant. Whether you are an owner or tenant it is critically important to remember that you are responsible to insure for your personal property, risks and liabilities. Anyone owning/living in a strata corporation should exercise as much vigilance as possible when covering your liabilities. Here are some best practices that may be helpful. Always ensure that owners and tenants have a copy of the renewed insurance of the strata corporation policy as soon as it is renewed.

Owners/landlords should then take a copy of the policy to their insurance broker to verify that the insurance they are buying covers them for the risks in the strata policy and any additional insurance requirements. If the deductible for water escape is \$25,000, you will need to decide if it is worth paying for the additional insurance or if you are prepared to take the risk. While tenants are not responsible to the strata corporation for an insurance deductible, they are responsible for their personal property, liability, and to a landlord for their actions.

"Do not renew your policies on line". Take a copy of your strata insurance to your insurance broker and compare your policy to the strata policy. The insurance agent/brokerage industry is regulated and agents and brokers are professionals who are licensed and insured for the services and advice they provide. Verify with your agent that the policy covers your exposed risks. Clarify if there are any exemptions to the

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policy or any conditions that may limit the amount of coverage or payment. Don't take the simple step of just "renewing" your policy. A renewal does not imply the coverage has not changed. Each policy is a separate contract for each term and negotiated accordingly. Don't take anyone's word for it. If you cannot verify specific coverage in your policy, get written verification from your agent. It is impossible to set the clock back in time when you are dealing with insurance that does not cover your claims.

If the strata corporation cannot provide documentation that verifies the action of the council for enforcement and collection, the strata council may have no other choice but to reverse the fines. Remember, that until these are actual court judgments, there are purely allegations and it is the decision of the strata council how they proceed with the application of the fines. With respects to the insurance deductible collection, the strata corporation made no effort to collect the amount within the limitation period, there are no records or correspondence relating to the collection, and the buyer received no indication of any such outstanding amounts on their Form B, so collecting this amount at this time is unlikely. If the strata plans on considering a collection proceeding they definitely need legal advice before they proceed.

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