

**Condo Smarts**

Headline: Sewer Back Up

Topic: Insurance

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**Dear Condo Smarts:** My wife and I live on the 8<sup>th</sup> floor of a 28 floor highrise building in Vancouver. Every year we faithfully attend the annual general meeting of the strata and have been vigilant in securing insurance for our condo. We were away at Easter and returned to discover that our sink had a back up causing substantial damage to our hard wood floors, and the custom wood cabinetry we had installed back in 2001. We immediately contacted the strata council and they had a restoration company attend who had to remove the floors and part of the cabinetry. The insurance company of the strata corporation have provided coverage for the basic restoration as there is also significant damage to the drywall and the insulation. We expected to be responsible for our renovations, which included the hardwood floors and cabinets. What we had not expected, was that our home owner policy does not cover our betterments in the event of a sewer back up within our unit. The cost for us will be almost \$16,000. What we did not realize, is that by renewing our policy on line, we had agreed to a number of exemptions and conditions that were not conditions of our previous policy. We also discovered that our living out expense allocation in the event that our unit was not habitable was now limited to only 90 days. Please warn all owners about the risks of renewing their policies on line and the importance of reading the fine print.

*Thom and Lynda J.*

**Dear Thom & Lynda:** Strata owners carry a significant amount of liability for their personal property, betterments to a strata lot, obligations to pay an insurance deductible in the event they are responsible for a claim on the strata insurance, for the actions of their

tenants, and their general liability. Strata corporation policies are required to meet minimal mandatory conditions under the Strata Property Act & Regulations, but the obligations for mandatory insurance do not extend to strata lot owners, residents or tenants. Consumers are frequently comforted by insurance brokers using terms such as, "this is a standard policy" or "the policy covers your strata obligations", but this is seldom accurate. As an owner, tenant or occupant, it is important to bring the current strata policy with you to the broker when you purchase your annual insurance, and deal directly with a broker. First ensure that you have sufficient insurance to cover your risks exposed in the strata policy. They will include the deductible rate for different types of claims, and all of your contents, betterments and personal liability. Some coverage will be included with a policy, but other coverage such as sewer back up into a unit, or a higher deductible for water escape may be optional. Ask the broker: are there any exemptions, perils or risks not covered with this policy that we should be adding? The broker should be sufficiently qualified to assist you with placing your insurance. Don't renew your policy on line as you may be waiving your relationship with a broker or unaware of changes or exemptions that have been added to the policy. Don't forget to make sure your items in your storage locker, your bikes, and other personal property are included in your policy. No two policies are the same, so make no assumptions.

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