



---

## Strata Living

Headline: Pipe Burst

Topics: Insurance

Publication / Date: 24 Hours, April 21, 2016

Written by: Tony Gioventu

**Dear Tony:** We had a pipe burst in our wall between our unit and the neighbor. The flood was caught immediately, but there are significant damages to our unit, the neighbor, and the units below us. The strata manager informed each unit that we are responsible for the claim on our homeowner policy. Our insurance companies have advised us that no, the strata corporation policy covers the damage to the original fixtures unless the amount is below the deductible. The deductible is only \$10,000 and there is at least \$40,000 damages to flooring, drywall, and fixtures. Who gets to make the decision as to whether the strata corporation files a claim on the strata policy or not?

*Eric P. Richmond*

**Dear Eric:** Your homeowner insurance provider is correct. The strata must maintain full replacement value on the original fixtures, common property and common assets of the strata corporation. This includes the original flooring, structure of the building, light fixtures and plumbing fixtures. An insurance claim for these damages and restoration is a claim on the strata policy and the insurance deductible is a common expense of the strata corporation. Under the *Strata Property Act*, an owner is a named insured on the strata policy and the owner(s) may contact the strata insurance provider and file the claim. The strata corporation does not have the authority to block an insurance claim under these circumstances. It is possible that the strata corporation is trying to avoid paying the \$10,000 deductible as there is no chance of collecting the deductible from an owner under these circumstances. Pipes between two strata lots or a strata lot and common property such as a hallway, is deemed to be common property under the definitions of the Act. Unless an owner or their tenants had done something that caused the failure, it is unlikely the strata corporation could claim the amount against your

strata lot. You may want to write a letter to your strata council and request if they had instructed the manager to give this advice, or if the manager was acting on their own. Your insurance broker may be splitting their commission with the strata management company as a business enticement. This practice is permitted provided it is disclosed to the strata corporation in their service agreement, but it is important the strata manager understands they are the agent of the strata corporation, not the insurance broker or insurer.