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## Condo Smarts

Headline: How do we know if our strata is properly insured?

Topic: Insurance

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**Dear Tony:** We live in a 14 unit detached home strata in Surrey. We purchased our unit in 2014, and since that time, have always managed it as a bare land strata corporation. This included maintenance, repairs, and insurance. As a result, our strata fees were very low at \$75 per month for basic road maintenance. Our insurance policy covered our general liability and a few items like our entry street light. A new buyer moved in on July 15<sup>th</sup>, and informed us we have been doing this all wrong and the corporation must maintain buildings (they have a roofing issue) and the insurance of the corporation is supposed to cover each home as a common expense. We doubt we are alone on this issue and find it confusing. When we purchased the sales documents and sales person indicated it was a bare land strata and the strata fees were all equal as a bare land. Is it possible that we were given the incorrect information and have been operating contrary to the Act?

*Matthew G.*

**Dear Matthew:** Unfortunately, you are not alone. There are many strata corporations across the province that look like a bare land strata, but they are actually detached townhouse/building strata corporations. They are often between 2 and 15 units, and may have been intended as bare land but when the surveys were completed, they were not created and filed as a bare land strata. The first page of a strata plan will identify if it is a bare land strata corporation.

In a bare land strata the obligation of the strata corporation is to maintain, repair and insure common property and common assets. Buildings not shown on the strata plan, on strata lots, are not the responsibility of the strata corporation to maintain or insure. Every strata corporation in BC must maintain a copy of the registered strata plan, schedule of unit entitlement and

schedule of voting entitlement. You can obtain this from the land title registry.

A bare land strata corporation must insure for all common property and common assets to their fully appraised values for the perils detailed in the *Strata Property Act*. The strata fees in a bare land strata, with a few exceptions, are generally equal.

A detached townhouse strata plan will show the buildings, the boundaries of the strata lot, the common and limited common property. In this case the strata corporation must maintain, repair, and insure all common property and common assets, including the exterior and structure of the buildings, for full replacement value of the dwelling, including original fixtures, for the perils defined in the Act. In a detached townhouse complex where each unit is a separate home, unit entitlements often vary and must be applied in the formula filed.

A strata corporation is not permitted to amend or alter the insurance conditions in a bylaw. Now that you aware of the error, correct it soon as possible. Always consult directly with a broker to confirm you are properly identified and insured.