
Condo Smarts

Headline: Major Insurance Claims

Topic: Insurance

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Dear Tony: Our strata building was one of the unlucky victims of the extreme cold snap resulting in an unheated stairwell riser freezing, bursting and damaging our common areas, plus 11 of our 65 units. To avoid an insurance claim, the property manager and council decided to treat these all as separate claims and advised each owner to file a claim on their home owner policies. This was to avoid our deductible of \$100,000, and because we don't have enough funds in the strata account to pay for the deductible. All of our home owner insurers have come back and advised it is one single claim and it has to be managed by the strata corporation insurer. We are in a bit of limbo. Who decides whether a claim is filed or not? If the strata council decides not to file a claim, and our homeowner policies provide no coverage then owners are left with massive damages and no coverage for insurance we have been paying for.

RWC Burnaby

Dear RWC: The condition that determines whether a claim is filed or not is the value of the claim and what was damaged. If the amount is over the deductible of the strata corporation, and the damage was to common assets, common property or parts of a strata lot that are insured by the strata corporation which includes the original fixtures such as drywall, original flooring and cabinets, this is a claim on the strata corporation policy.

The strata council and property manager cannot download the responsibility of the claim on to each owner who was exposed to damages under these conditions by severing the claims. This was one catastrophic incident and it is one insurance claim.

Owners and tenants are named insureds on the policy as deemed by the *Strata Property Act*, and any one of the parties may file the claim as a named insured.

The most important consideration when a loss occurs is to ensure public safety, the source of the loss is quickly stopped, restoration teams are on site to mitigate any losses and expedite restoration, and contact your insurance provider for an adjuster to be on site to evaluate the claim. All these steps happen simultaneously.

The deductible is a common expense of the strata corporation, paid from the operating or reserve accounts or by special levy. If an owner was responsible for the claim, although not likely in this case as the failure was in a common stairwell, the strata corporation may seek to recover that deductible. If a strata corporation does not have sufficient funds, or the deductible is a significant draw on the operating or reserves, without requiring a 3/4 vote at a general meeting, the strata council may levy the owners for their share of the \$100,000 deductible. They would create a resolution to define what the funds are authorized for (insurance deductible), the amount of the levy (\$100,000), the due date of the levy (it can be almost immediate), and the formula used to calculate the levy (unit entitlement). Council passes the resolution at a properly convened council meeting and it is immediately issued to the owners.