
Condo Smarts

Headline: Do fees still apply during a major claim?

Topic: Strata Fees, Insurance

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Dear Tony: Our building experienced a major flood during the cold snap in January. Everyone had to move out to allow for the restoration contractor in for repairs. We are one of 3 buildings and the owners and tenants have no control over the process of repairs; however, our strata council have given us notice that our strata fees do not discontinue even though we are not getting any of the benefits of the utilities or use of our units. Is there some method of separating out the actual expenses from the operating budget to ease the financial burden on the owners?

Carol V.

Dear Carol: Unfortunately, the strata corporation has no choice but to collect the strata fees based on the approved annual budget. It's a double cost for owners who need to find alternate accommodations, and hopefully they purchased a homeowner policy that covered living out expenses in the event of such a claim. Tenants renting a strata unit also qualify for a tenant policy.

In extreme circumstances where a strata building was a write off, the owners would be required to convene a special general meeting, and with the support of the insurance broker and strata's legal advice, determine their options for suspension of the current budget or amendment to accommodate the remaining operational period. When this occurs, the insurance brokers/adjusters and insurers would work together to determine the terms, conditions, and value of the payout, based on the insurance policy.

A decision not to proceed with repairs does not wind up a strata corporation. While the physical building may have been lost, the corporation and titles remain. The strata corporation would still be required to convene a

special general meeting to wind up the corporation by 80% vote and hopefully find a buyer for the property.

All owners of residential, commercial, and rental strata properties are urged to purchase insurance for their protection. There are liability conditions, property damage, exposure to a strata insurance deductible if the owner is responsible for a claim on a strata policy, the cost of betterments and improvements to a strata unit, and the cost of displacement and living out expenses. Strata corporation deductibles can easily reach \$250,000 for water escape, and strata corporations may obtain a decision through the Civil Resolution Tribunal for the total amount. For homeowner/landlord policies, confirm that you have coverage for living out allowances, sewer back up, damages to a strata lot that are below the strata corporation deductibles, sufficient liability coverage and an itemized valuation of the betterments to your home, such as hard wood flooring, kitchen renos, and heated tiled floors.