

Condo Smarts

Headline: Owners' rights for insurance coverage

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Dear Condo Smarts: I live in a 6 floor mid rise building that was constructed in 1986. The construction is concrete but the finishings throughout the building are typical drywall, and wood flooring installed originally by the developer. We had an owner change their dishwasher in February, and one of the fittings separated when they were away on vacation last week. By time we realized what was happening, half of the units on floors 1-3 experienced some water damage to their units. The strata council has advised we are responsible for the insurance claims in each of our units and that it's up to us to sue the person who caused the damages. Council are concerned our insurance will increase. What's the point of strata insurance if a claim cannot be filed for this damage? We pay almost \$25,000 a year for our strata insurance and we're not allowed to access the insurance? Our deductible is \$10,000, and I would easily project that the total damages are going to exceed this cost once all of the floors and walls are repaired. Who makes the decision whether a claim is covered or not? *Jeff C. Vancouver*

Dear Jeff: It is unlikely that even if you filed a claim on your home owner's policy, that your insurer is going to cover the damages to your hardwood floors, drywall, cabinets, and insulation in the walls, because they are the insured common assets of the strata corporation which must be covered under the common policy of the strata corporation. The Strata Property Act creates a specific definition to define all of those building components that the strata must insure. They are called fixtures, and in addition to the structure of the building, they include items attached to a building, including floor and wall covering and electrical and plumbing fixtures. The fixtures are the items that were built or installed on a strata lot by the owner developer as part of the original construction. These items must be insured by the strata corporation, except for a bare land strata, and insured for their full replacement value against major perils, which includes water escape. The Act defines that the named insureds are: the strata corporation, owners and tenants and persons who normally occupy the strata lots. The moment your

insurance company was contacted, and they may be contacted by either the strata council or any owner, a claim was opened. Whether or not you proceed with the claim process is irrelevant. Your insurer is now aware of the damages and the risks, and depending on the circumstances, your future insurance could be affected in any case. Strata council members need to also understand that if they deny a claim or the right of filing a claim, and an owner is left with the damages and liabilities, that the strata council may be subject to a law suit, and claims regarding under-insurance are generally not covered under Director's & Officer's liability insurance. A routine series of events would include: a) the damage being caused b) stop the cause (shut off the water, emergency services) c) contact the insurance provider who will send an adjuster d) the claim is processed, the repairs are executed e) the strata corporation pays the deductible as a common expense f) the strata council will determine if they will recover the deductible from the strata lot, if the strata lot owner, was responsible for loss or damage that gave rise to the claim. There is a serious down side to not filing claims because the strata is not wanting the insurer to know about the damages. It is the insufficient restoration of the damages, especially water claims. Resultant mould, rot and pest infestations are often caused by water damage that is not properly addressed. A part of maintaining property correctly includes a thorough processing of insurance claims and restoration.

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