

Condo Smarts February 6, 2019

Insurance: Above or Below the Deductible

Dear Tony: Our building had a pipe break between two units flooding out my condo, a common hallway and our building entry. Our strata corporation has a current deductible of \$5,000 and the property manager determined the value of damages to my unit were only \$5,500. As a result, the manager and the council decided not to file an insurance claim and advised they would repair the common areas and I would be responsible for my own unit. Why should I be stuck with all of the damages to my unit, which included the restoration company removing the drywall from my ceiling and damages to my carpets and walls? My insurance company will not cover these damages as they claim it is the responsibility of the strata corporation and covered under their insurance. I am currently left with no ceiling in my living room, bare floors and water damaged walls, no insurance to cover the claim and the strata council are doing very little about repairing the damages to the common areas. The council do not want our deductible to be increased so they blocked the claim. Help? Veronica C. Richmond

Dear Veronica: Under the Strata Property Act an owner and a tenant are named insureds on the strata corporation policy. There is absolutely no reason for you to be living under these conditions as you pay for the insurance through your strata fees like every other owner. The strata corporation cannot block or split the claim. The pipe break was a single incident and forms one insurance claim. An owner may file the claim directly with the strata corporation's insurer, and they will send an adjuster to investigate the claim and the damages.

If the amount is above the deductible, the claim will be activated and the strata corporation's insurance will cover the restoration of the original assets and fixtures of your strata lot which will include the drywall and original flooring, damage to electrical services and any insulation requirements, which will also include damages to the common property. The insurance deductible will be a common expense of the strata corporation, which the strata may pay from the operating fund, contingency fund or issue a special levy to the owners. Each owner is responsible for their personal assets and betterments that have been made to their units. These include upgrades like flooring, kitchen or in suite renovations. Personal contents and upgrades should be added to your home owner insurance.

If the total amount is below the deductible, each owner would be responsible for the repairs to their strata lots. This is one of the most common occurrences when someone's toilet or tub overflows. Owners should determine if their home owner policy covers repairs to their strata lot in the event a strata claim is below the deductible amount. Whenever there is water escape of either clean water from a broken pipe or grey water from a tub or toilet, immediately activate restoration services and call the insurance company. In addition to health and safety issues, water left in wall and ceiling cavities will result in long term damages to suites and common areas, especially in wood frame construction. I recommend that all owners, landlords and tenants purchase condo insurance for their personal contents, living out expenses, betterments to strata lots, personal liability, liability for an insurance deductible if you are responsible for a claim, and damages to their suite that may occur under the deductible amount.

Looking for more info on strata insurance? The CHOA Spring Seminars are focused on Insurance, Workplace Harassment and Bullying and Operations Planning. Go to www.choa.bc.ca to register for a seminar in your area.

Tony Gioventu, Executive Director CHOA

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