



AXIS

Condo Insurance Guide

**for Strata
Council Members**

Overview

Axis Insurance Managers Ltd. (Axis) now provides commercial insurance policies for residential strata communities in British Columbia. Leveraging **Eli Report** technology, which extracts relevant information from condo documents, we make it easier and faster to apply for coverage and will offer competitive quotes to eligible communities. As a strata council member you can apply online in minutes with your documents and only a single question: has your strata experienced a loss over the last 3 years?

Try it today at insurance.elireport.com

Condo Insurance

Compared to insurance for single-family homes, insurance for strata corporations is far more complicated. Whether your strata corporation is newly formed or is already established, professionally managed or self-managed, this guide will provide you with the fundamental knowledge you need to make an informed insurance decision.

Strata properties are becoming more and more common as forms of ownership here in British Columbia. The number of residential strata lots are close to 500,000, and that statistic does not take into account the rising number of commercial and mixed-use stratas.

Each strata property is distinct and has a specific set of risk exposures. Your strata insurance package should be customized to meet your unique needs so you can be sure you're getting the correct protection at a fair price. Regardless of the use or size of your property, the Strata Property Act does stipulate that certain coverages are necessary. Common property and some types of common property are typically covered by strata insurance (the structure). Property insurance is required by provincial law to cover the entire replacement cost and protect against „perils of fire, lightning, smoke, windstorm, hail, explosion, water escape, riots or civil commotion, impacts by planes and vehicles, vandalism and malicious acts.”



What is the mandatory strata insurance in BC?



Property insurance

The common property, strata property, and its contents as specified by the property title are all covered by strata property insurance. This can apply to landscaping tools, public spaces, elevators, electricity, parking lots, gardens, flooring, and even swimming pools. A typical home policy does not offer the coverage that strata property insurance does. Strata property insurance also covers fixed components like ducted air conditioning as well as other typical properties.



Liability insurance

All strata properties, whether they are commercial, residential, or mixed-use, must have public liability insurance. A person becoming hurt or dying while on the property, as well as property damage for which the owners may be held legally liable, are covered by public liability strata insurance.

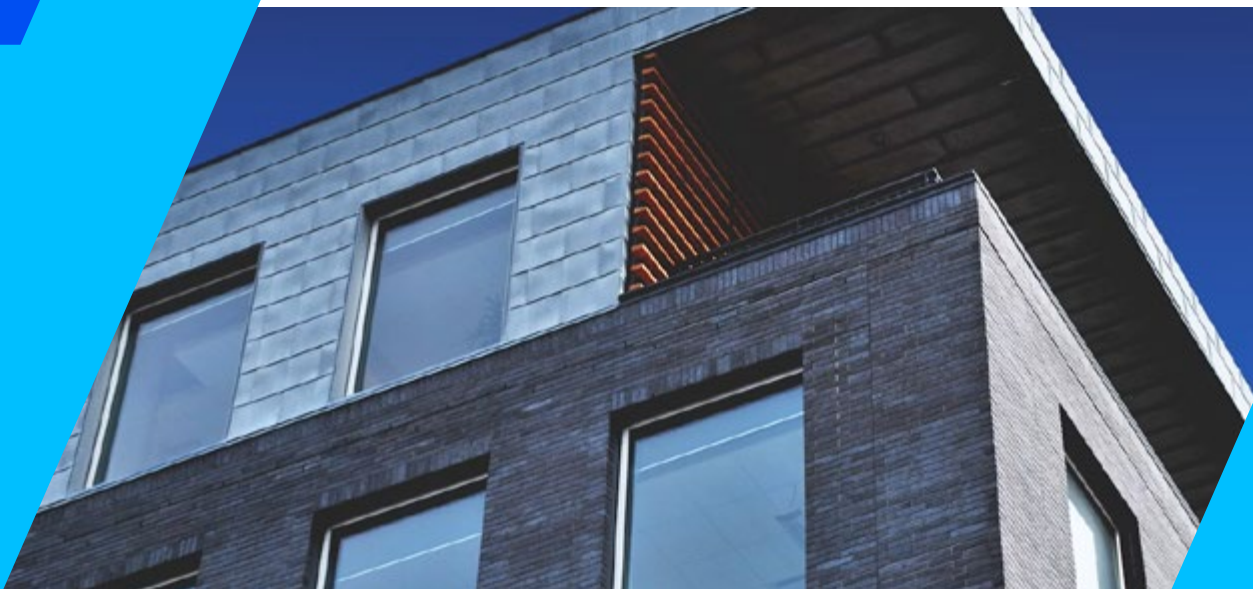
What is the optional strata insurance?

Earthquake insurance	Insurance against earthquakes is recommended for strata corporations in earthquakeprone locations even though it is not required by strata property insurance laws. Earthquake deductibles are typically between 5% and 20% of the value of the strata property.
Appliances	Strata property insurance does not cover appliances. Although fixtures are protected by insurance, they do not cover things like refrigerators, microwaves, stoves, and washers that may be taken out of the building without causing damage. It's critical to acquire separate coverage for such property in order to protect oneself
Boiler and machine breakdown	Coverage for an unintentional and unexpected breakdown of electrical and mechanical equipment is essential because normal strata property insurance only offers coverage for damage to them.
Errors and omissions insurance	This insurance policy provides coverage for expenses and liability incurred by council members when performing their duties as well as in the exercise of their powers.
Volunteer accident coverage	This offers protection for physical harm suffered by a unit owner when performing voluntary tasks for the strata, such as landscaping or small repairs.
Overland flooding insurance	Overland flooding insurance coverage is necessary even though it is not a requirement for strata property insurance, especially if the strata property is situated in an area that is prone to flooding.
Terrorism	Acts of violence could result in property damage or interruption to business
Crime & employee dishonesty	Criminal acts by employees can result in physical or financial harm, including misappropriation of funds.
Legal retainer coverage	An accident, theft or even a difficult owner or tenant can cause a strata considerable distress and require legal advice.
Extra expenses	This covers additional costs when policy limits are exhausted and can provide funds for additional items that might be required to maintain certain systems in a building after significant damage, such as an emergency generator.
Deductible buydown	Enables you to manage the level of deductible you and your owners can afford.

What insurance should strata owners purchase?

Strata policies do not cover a number of things that owners should consider.

- **Personal property**
This offers coverage for personal belongings like clothing, furniture, gadgets, and home goods.
- **Improvements**
This policy, which is also known as betterments, covers strata improvements up to a specific limit.
- **Personal liability**
This provides coverage for property damage or bodily damage caused to other persons.
- **Additional living expenses**
This covers living costs in the event that a renter becomes homeless as a result of an insured incident.
- **Owner-installed fixtures**
Provides coverage for fixtures that can be moved with damage to the building such as microwaves, ovens, and fridges.
- **Condominium Contingent Coverage**
This insurance will cater to any perceived inadequacies in the strata corporation's insurance.
- **Losses to other owners' units or common property**
When one owner is at fault, this policy covers losses to the common property, or the deductibles of the strata policy



Water Damage (and preventing it)

The most frequent cause of insurance claims for strata in British Columbia is water damage. Whether the leak is the result of a burst pipe, an overflowing bathtub, a leaky washing machine, or a clogged drain, it can quickly become a significant issue for both homeowners and strata council members. There are several things you can take to reduce the likelihood of an expensive (and inconvenient) water damage claim.

Ensure that **your plumbing (both common and individual) is regularly checked** by a certified professional.

Never flush anything like **cat litter, medications, or grease down the toilet.**

If you're not home, **never leave the dishwasher or washing machine running.** Make sure your toilet isn't running as well.

By adding **a few drops of food colouring to your toilet tank, you can check for leaks.** You have a leak if the colour leaks into the bowl.

Check your washing machine hoses regularly for leaks and make sure your discharge hose is secured firmly in place. To be extra safe, replace your rubber washing machine hoses with stainless steel.

Ask a friend or neighbour you can trust to **check on your house if you're going to be gone for more than a few days.** Not only will this help prevent major water damage, it is often a condition of your insurance coverage.

FAQ

The strata corporation has insurance. Why do individuals need to buy it?

While the strata corporation's master policy protects common property and the basic walls and floors of each unit, the personal contents, improvements and betterments made to a strata lot are not covered. Owners may also be held responsible for strata corporation deductibles, which are generally significantly higher than the deductibles that are charged under a homeowner's insurance policy. In the event of significant damage, an owner may be forced to relocate temporarily, and there is no coverage of those types of expenses (or rental revenues if a tenant is forced to relocate) under the strata corporation's policy.

What are unit improvements and betterments and why do I need to insure them?

Strata corporations are obligated to insure the building, which covers both the basic and standard units. This normally includes the original floor coverings, walls and ceilings of the building. However, the strata corporation's insurance policy explicitly excludes any upgrades or improvements to the original features made by any owner of the unit, including previous owners. This would include hardwood floors, expensive carpets, new kitchen cabinets, etc.

Who's responsible for damages that originate inside a unit and spread to other units or to the common property of the strata corporation?

The unit owner's insurance policy would respond to pay for damages caused to the contents and any improvement or betterments made by the unit owner in that owner's suite or for any claims that another neighbor may make in the event the damage was caused by the owner's negligence as determined by a court of law. Damages caused to the building would be covered under the strata corporation's insurance policy. However, the strata corporation may assess the unit owner for the policy deductible or for any amounts that don't exceed the deductible.

FAQ

What coverage is legally required for a Strata corporation in British Columbia?

Part 9 Section 149 of the Strata Property Act requires the strata corporation to acquire and maintain property insurance on the common property and assets as shown on the strata plan, including original fixtures installed by the developer and liability insurance. It gives the option to purchase Errors and Omissions insurance to protect the council members.

Could I be charged back the corporations deductible?

Depending on your strata or condo corporations bylaws, if the damage exceeds the corporation's deductible, the corporation may be able to charge back the deductible amount to the unit owner where the loss originated. Thus, it is important to have a personal unit owner policy that covers loss assessments as a result of a deductible up to the maximum deductible limit on the corporation's policy.

How do I make a claim?

Contact Axis Directly, we are building a best in class claims service to ensure the claims experience is positive for our clients.

Why does the strata or condo corporation need an appraisal?

The corporation should choose a certified appraisal firm that specializes in strata and condo corporation valuations to conduct a reconstruction appraisal as required by the Act to ensure that it is insured to full replacement value. Appraisals should include all common assets and property, landscaping and site improvements, as well as current building code and municipal bylaws.

About Axis

Axis Insurance is a full-service brokerage firm specializing in commercial, life, employee benefits, and wealth advisory services. We are dedicated to delivering superior risk analysis and expert advice, creating tailored solutions that effectively manage, minimize, and transfer risk. Axis has emerged as a leading national brokerage, delivering exceptional value to clients across Canada.



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