

ACTION REQUIRED: STRATA INSURANCE

For several months, many BC strata corporations have faced significant cost increases when renewing their insurance. Some buildings have struggled to find insurers willing to renew their coverage at all. This alarming situation creates uncertainty and risks that could have serious impacts on the housing market and the economy.

Strata units are widely considered to be affordable. For buildings impacted by high insurance costs, the best case sees affordability undermined as costs are passed along to owners through higher monthly fees. Individual owners responsible for damage beyond their units may also face insurance deductibles so large it could bankrupt them.

In the worst case, a building that is unable to obtain insurance no longer complies with the *Strata Property Act* and individual units in the building cannot be bought or sold.



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We haven't been able to get coverage since our insurance came up for renewal at the beginning of 2020, not even for strata council directors and officers. We've already had two owners who lost deals – the buyers couldn't get financing because there's no insurance. There are more than 200 units in our building and everybody is really worried.

If we find someone to cover us we assume our costs will at least double, so we've budgeted \$400,000 for insurance, up from \$200,000. We're increasing strata fees and we're also cutting the budget in other areas. Ironically, we have to cut our budget for some work outlined in our depreciation report – the sort of things that could reduce claims in the future – to be able to afford insurance.”

~ Felipe – Surrey strata unit owner

CONTACT

For more information, please contact BCREA Vice President of Government Relations and Stakeholder Engagement Trevor Hargreaves (thargreaves@bcrea.bc.ca or 604.742.2798).

RECOMMENDATIONS

The British Columbia Real Estate Association (BCREA) recommends the provincial government take the following actions:

Immediately:

1. Amend the Form B Information Certificate to require proof of insurance, including premiums, deductibles, coverage and expiry date.
2. Work with the insurance sector to put measures into place that assure all strata corporations are able to obtain insurance coverage, for as long as the difficult market conditions last.
3. Engage with insurers so they continue to provide coverage to strata corporations.
4. Amend the *Strata Property Act* to require a strata corporation to inform owners and tenants of any material change in insurance coverage, including an increase in any deductible, as soon as feasible.
5. Require insurers to provide strata corporations with notices 60 days before their policies expire or will be cancelled.

Longer term:

6. Encourage the provincial insurance regulator, the BC Financial Services Authority, to make public the data and information it is gathering from insurance companies to better understand the current climate of expensive strata insurance.
7. Encourage the BC Financial Services Authority to foster a robust, economically viable market that attracts insurance providers.
8. Develop mandatory education for strata council members.
9. Either create a new organization – modelled on the Condominium Authority of Ontario – to enforce the *Strata Property Act*, including providing mandatory training and creating best practices for strata councils, or assign this role to the Ministry of Municipal Affairs and Housing.



~ Ross – Kamloops
REALTOR®



For REALTORS®, the issue is about protecting buyers and sellers in transactions. I don't know what the government can do about strata insurance but, if we could at least remove roadblocks and ensure access to information that protects buyers and sellers, that would be a good start. to be able to afford insurance.

