

## IMPORTANT NOTICE TO ALL CONDO OWNERS

### INSURANCE REQUIREMENT CHANGES EFFECTIVE JANUARY 1, 2020

There are a number of insurance changes that have taken effect as of January 1, 2020, however, the hot topic that everyone is talking about is deductible assessment.

Effective January 1, 2020 the Board can recover the Corporation's deductible from an owner for damages that originate in or from the owner's unit or an exclusive use area, to a maximum of \$50,000.

#### WHAT DOES THIS MEAN?

If the Corporation's deductible is \$15,000, and there is damage that stems from within an owners unit to the tune of \$20,000, the Board has the authority to recover \$15,000. Alternatively, if the Board has a \$15,000 deductible, but damages are only \$5,000, the Board only has the authority to recover up to the amount of damages, that being \$5,000. If the Corporation has a deductible that is over \$50,000 and damages exceed the deductible, the maximum the Board can recover is \$50,000.

#### **A deductible cannot be charged back to an owner in cases where the damage arose out of:**

- A defect in the construction of the unit or exclusive use area;
- Damage attributable to an act or omission of the Corporation, a member of the Board, officer, employee or agent of the Corporation, or any combination of them;
- Normal structural deterioration of the common property, managed property or any property the owner is not responsible to repair or maintain.

#### **DID BOARDS HAVE THE ABILITY TO RECOVER DEDUCTIBLES FROM OWNERS PRIOR TO JANUARY 1, 2020?**

In Alberta, unfortunately, there is no consistency in individual Corporation bylaws. Prior to January 1, 2020, depending on how a Corporation's bylaws read, if the bylaws had a deductible assessment clause, the Board then had the authority to recover the deductible from an owner within the structure and any limitations of that clause.

#### WHAT HAS CHANGED?

With the deductible assessment clause being in the Regulations to the Act, the Regulations supersede the bylaws, specifically with respect to deductible assessment, therefore allowing Boards to recover deductibles as outlined in the Regulations, regardless of how the current bylaws read.

## HOW CAN OWNERS PROTECT THEMSELVES?

### CONDOMINIUM UNIT OWNER'S POLICY

The new Regulations also outline that Corporations can pass bylaws that would require owners to purchase deductible insurance. Regardless of whether this is done or not, owners need to protect themselves, and they can do that by ensuring they have a condominium unit owner's policy. Deductible assessment Coverage is part of a condominium unit owners policy.

*Note: different insurance companies have different names for coverage, deductible assessment coverage may be found under the loss assessment coverage, if you are unsure, reach out to your personal insurance representative.*

### CERTIFICATE OF INSURANCE

As an owner, it would be prudent to obtain a copy of the Corporation's certificate of insurance (which will evidence the Corporation's insurance deductibles). Provide this document to your personal insurance representative to ensure your limit of insurance for deductible assessment matches the Corporation's highest deductible (for either water, sewer back-up or all other losses). If owners do not have an insurance policy, based on the new legislation, if damages originate from within your unit, you will still be responsible for the amount of damages up to the deductible.

### MAINTENANCE & PREVENTION TIPS

Also, it will be prudent for owners to ensure their units are properly maintained to try and reduce or stop damage stemming from within their unit. Some things that owners can do to prevent or reduce damage:

- Do not leave your windows open during cold temperatures
- Inspect fridge lines and dishwasher lines
- While cleaning your toilet, inspect it for external leaks around the tank and bowl, and along the floor.
- Do not flush foreign objects down the toilet
- Do not leave a running dishwasher or washing machine unattended
- Do not hang anything from a sprinkler head
- Check caulking around doors, windows or other wall penetrations such as plumbing and air conditioning units. If the caulking has deteriorated (not a solid line) replace it.
- Sewer systems can become plugged causing a reduction in treatment. If drains are slow or backing up, or there is an unpleasant sewage odor, consult a professional to help prevent major problems.
- Check the condition of all water seals and caulking in your kitchen and bathroom such as: bathtub, faucets, showerhead, toilet, and dishwasher. Leaks around these fixtures can result in water damage to floors, walls and fixtures. Replace caulking seal as necessary.

- Know where the shut off valves are for all major sources of water in your unit. In an emergency, shut off valves allow you to turn off the water supply, thus minimizing the risk of water damage.
- Replace rubber hoses to washing machines every 3-5 years. Rubber hoses tend to deteriorate so it is recommended that newer reinforced braided hoses are used as they are more durable. Reinforced braided hoses should be replaced every 5-10 years.
- Visually inspect pipes and fixtures around your unit for rust or corrosion. If rust or corrosion is identified, you should call a professional.
- If you have a wood burning fire place in your unit, ensure to have it inspected and cleaned annually.
- Holidays – turn off all the water at the main valve and drain the system before you leave for vacation. Arrange for a reliable relative or friend to check your unit to ensure the furnace hasn't shut off, which could cause pipes to burst.
- When going on vacation, do not turn your thermostat off, or down too low. It is recommended to set your thermostat between 16 – 19 degrees Celsius.

### MORE INFORMATION

For further information, refer to **Section 62.4 of the Condominium Legislation.**

### QUESTIONS?

Reach out to us and talk to your service team.

### CONTACT US

**BFL CANADA INSURANCE SERVICES INC.**

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For more information on our people and our services: [bflrealestate.ca](https://www.bflrealestate.ca)

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