



Welcome Bienvenue

Leveraging collective knowledge and experience to help directors manage their condominium operations more effectively and efficiently.

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Next Meetings:

Wednesday June 16, 2021 TBC



AGENDA

Speakers:

- Tricia Baratta (Gallagher Insurance) Tricia_Baratta@ajg.com
- Charles Davies (OCSCC 882) daviescrd@gmail.com
- Rod Escayola (OCSCC 696 – Gowling) rod.escayola@gowlingWLG.com
- Janine Hutt (CCC 289) janine.hutt2@gmail.com
- Michael Kelly (CCC 289) mikell@rogers.com



AGENDA

Topics:

- How Insurance Works in CondoLand
- Industry trends and what's to come
- Renewal Process
- Who pays for what
- When do you make a claim? (When do you self-insure)
- How to improve your insurance situation
- Insurance Deductible By-law
- Standard Unit By-law
- Cost containing measures

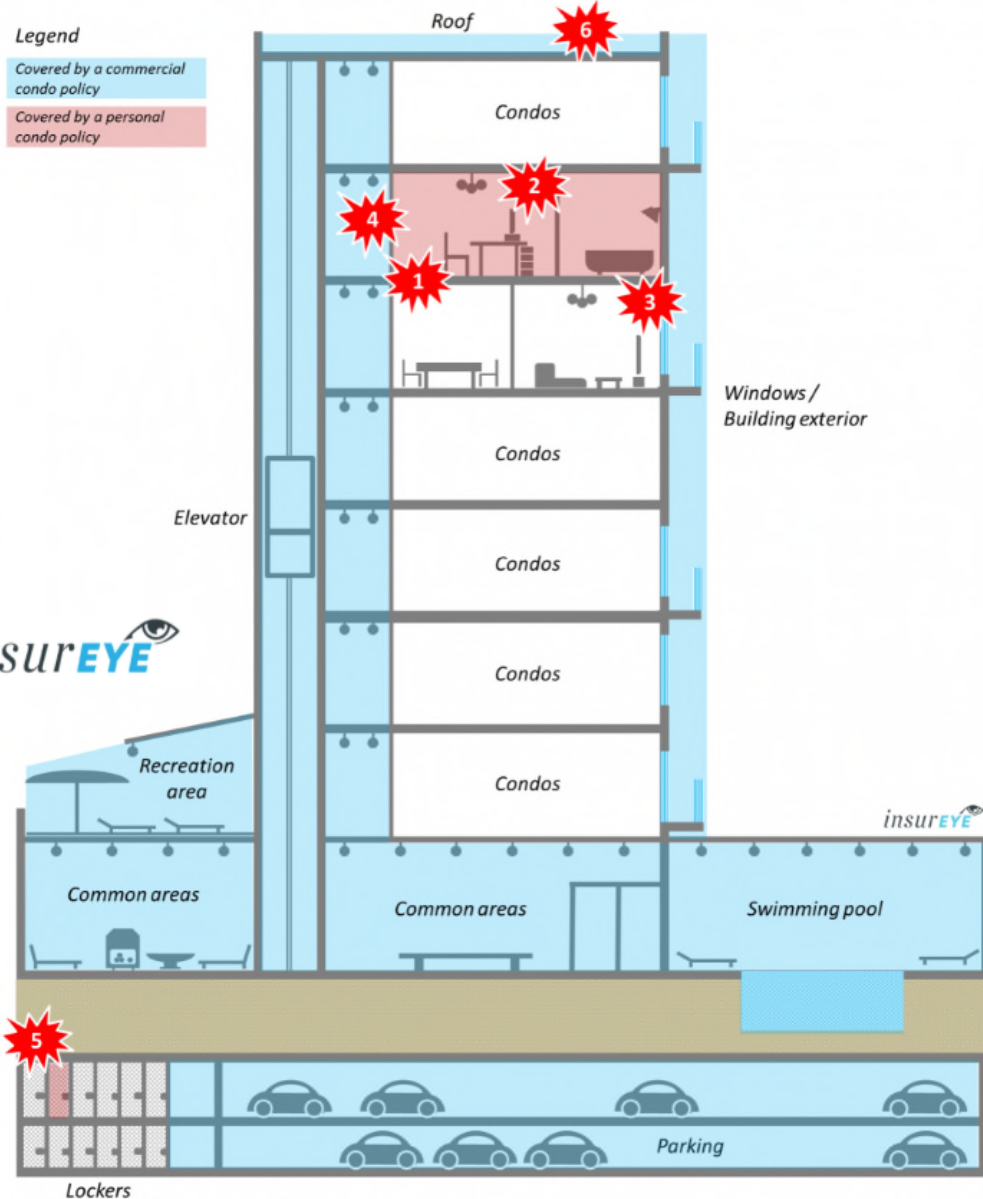


Insurance in CondoLand

- Different types of insurance required:
 - Property
 - Liability
 - Directors and officers
 - Volunteer insurance
 - Should property manager be named as an insured?
- Premiums
- Deductible
- Subrogation

Legend

- Covered by a commercial condo policy
- Covered by a personal condo policy



Who pays for what ?

Betterments / Improvements: Upgrades / improvements, as defined by Standard Unit bylaw – *if you have one*

Contents: Personal property, furniture, electronics, household goods, clothing

Third party liability: If you cause damage to other units or if someone gets injured in your units (damaged or theft)

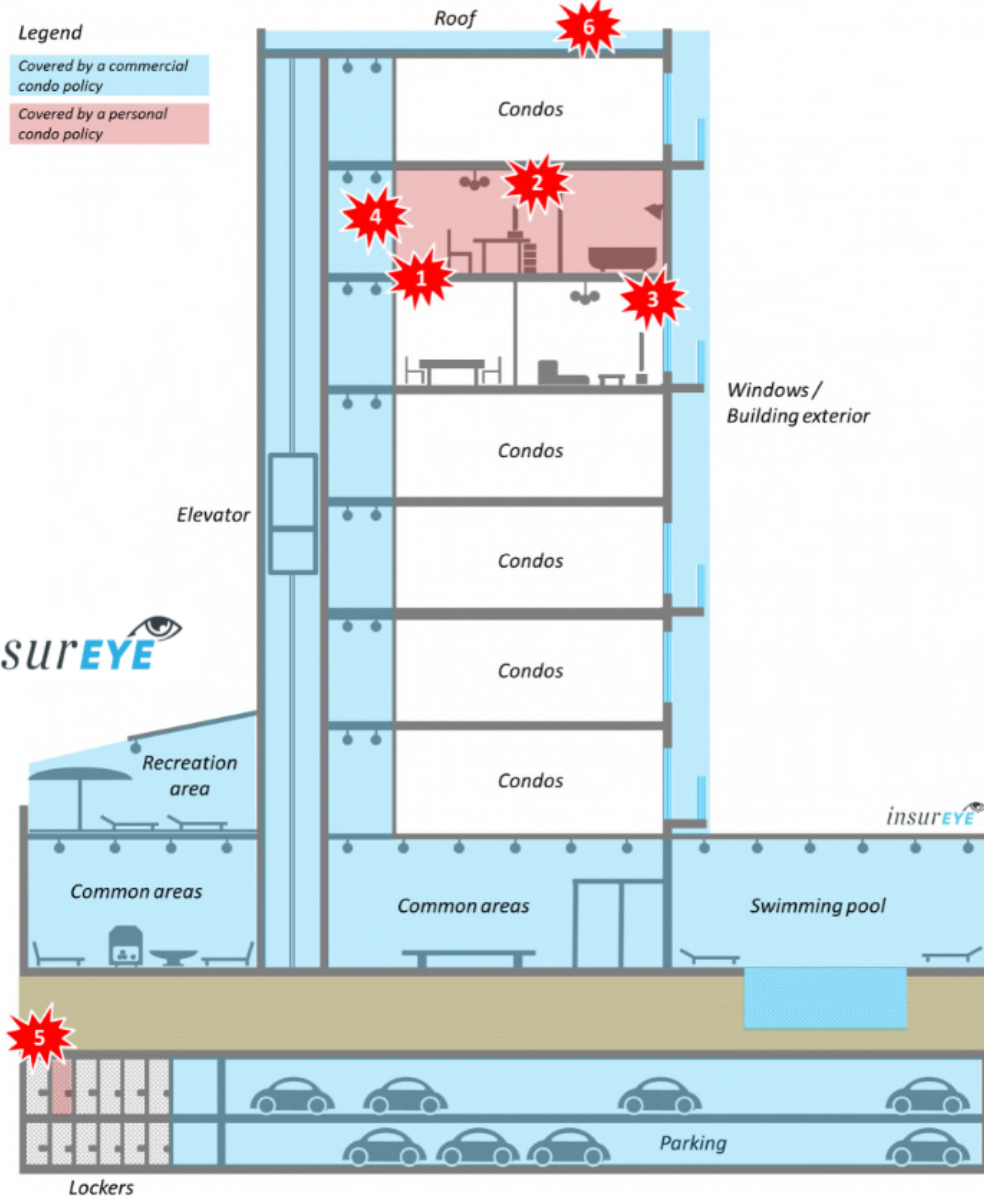
Deductible & Loss of Assessment: When the condo policy does not cover owner, including when units have to pay the corporation's deductible

Additional Living Expense: If you need to be relocated in a hotel...

Locker: Owners must insure their locker's content

Legend

- Covered by a commercial condo policy
- Covered by a personal condo policy



Who pays for what ?

Common Elements: standard unit finishes, common hallways, perimeter fences, roofing, etc.

General Liability: someone is injured on the corporation's property...

Boiler & Machinery: elevator, HVAC unit, pool equipment, generator, etc.

Directors & Officers Liability: an owner alleges the Board's actions cause financial hardship

Privacy / Cyber Liability: breach of privacy due to cyber event or theft of information

Who pays for what?

- Owners maintain their units
- Corporation maintains common elements
- Corp. shall repair units and common elements after damage (s. 89)
 - Up to standard unit
 - Subject to declaration
- New s. 89:
 - “the corporation shall repair the common elements”
 - “the owner shall repair the owner’s unit”

Who pays for what?

- Section 91 provides that the declaration can alter the obligation to repair after damage:
 - Imposing on the owner the obligation to repair the unit after damage
 - Subject to s. 123: termination of condo in case of substantial damage (more than 25% of replacement cost)

Who pays for what?

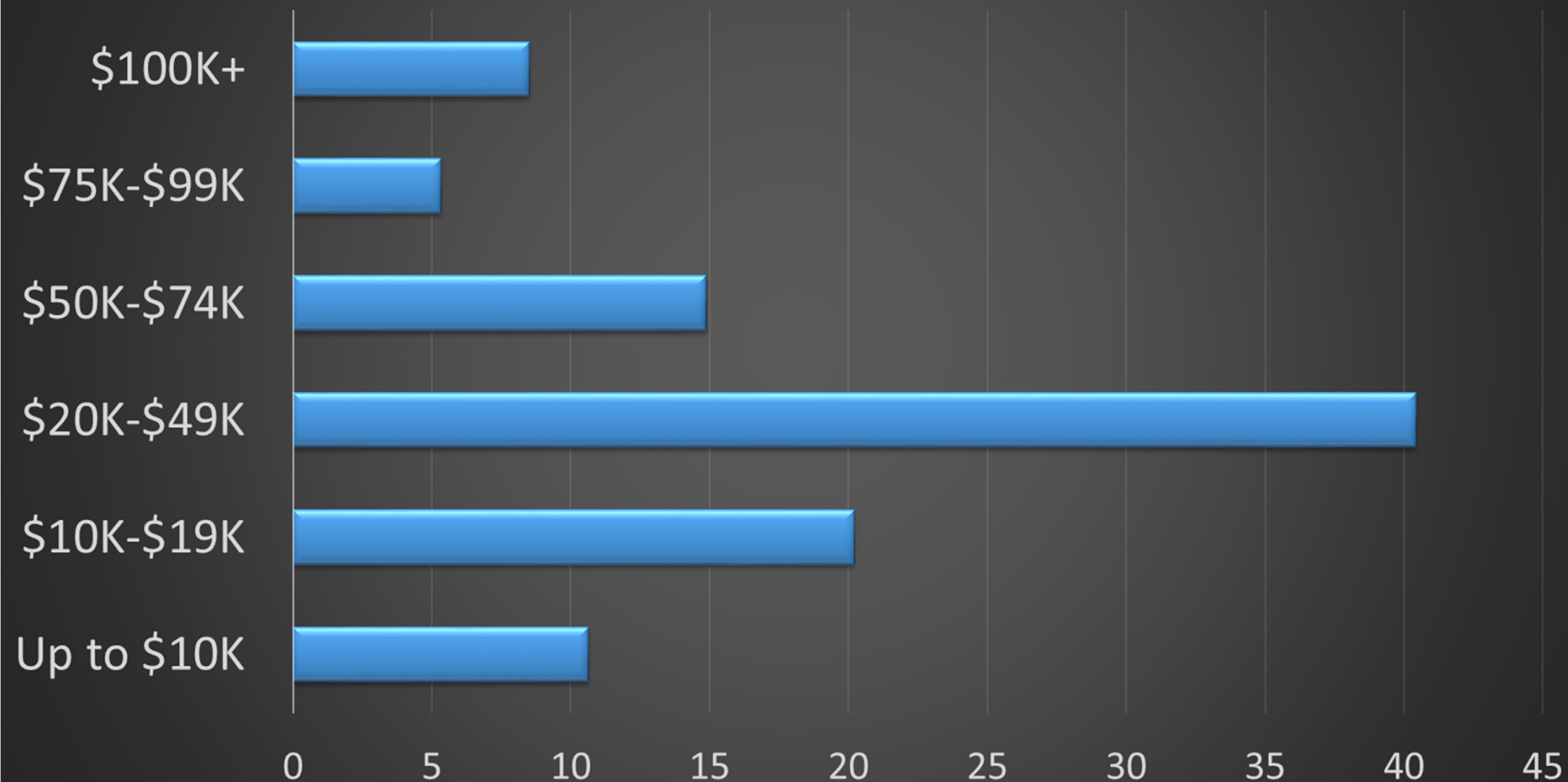
- The deductible is a common expense (payable by all) unless (s. 105):
 - Damage resulting from act/omission of owner (or those he is responsible for) and unless damage is limited to unit
 - The corporation has an Deductible bylaw, extending the circumstances under which the deductible can be added to the unit



Industry Trends

- Fewer insurance companies writing condominium business
- Stricter requirements to obtain insurance
- Fire Underwriters Survey (FUS) ratings updated
- Flood mapping updated to reflect recent catastrophes
- Bill 118 effective January 2021
- Increasing real estate values & building costs

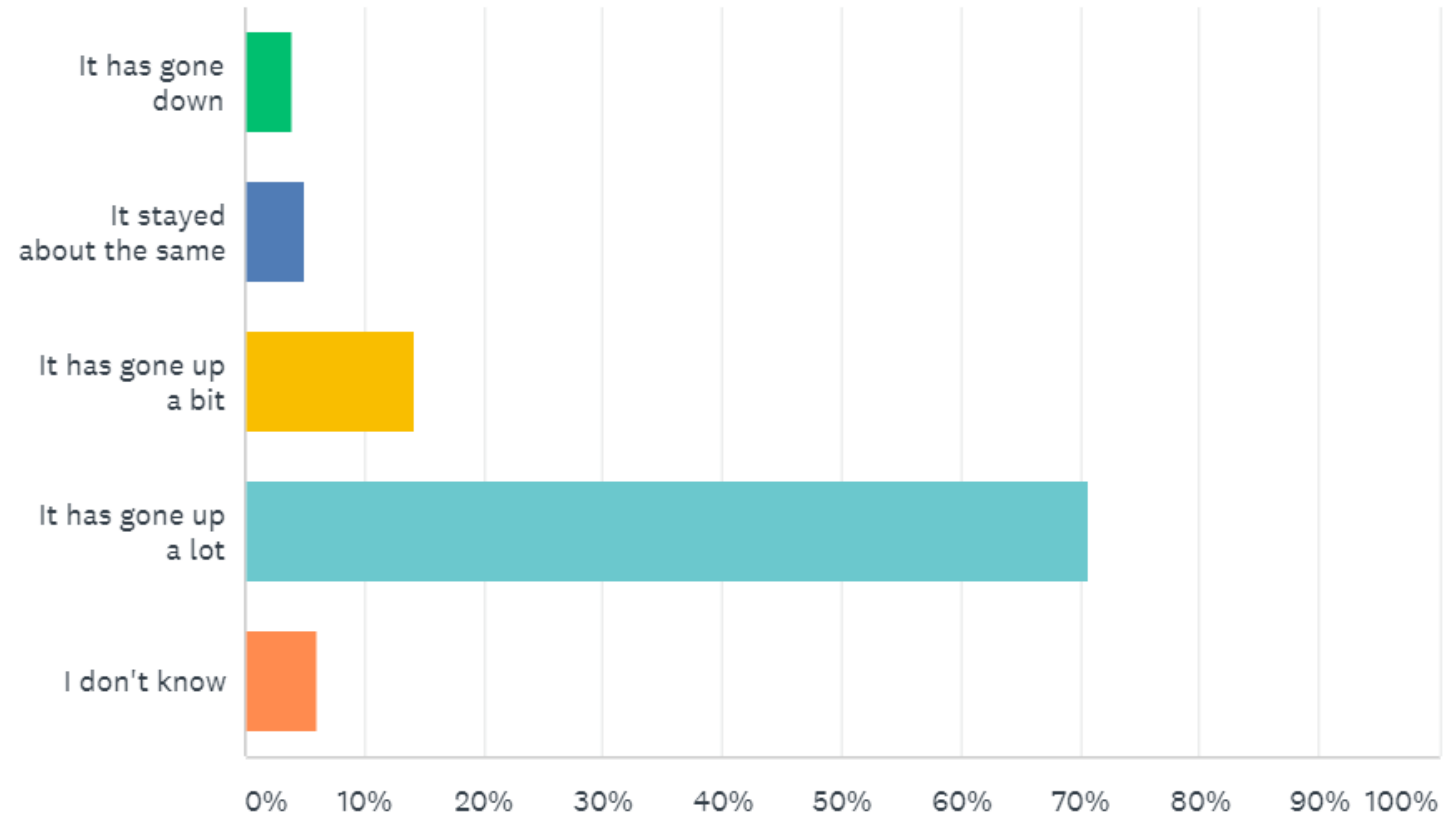
Insurance premium



Industry Trends

In the past 2 years (or so) how has your corporation's insurance premium changed?

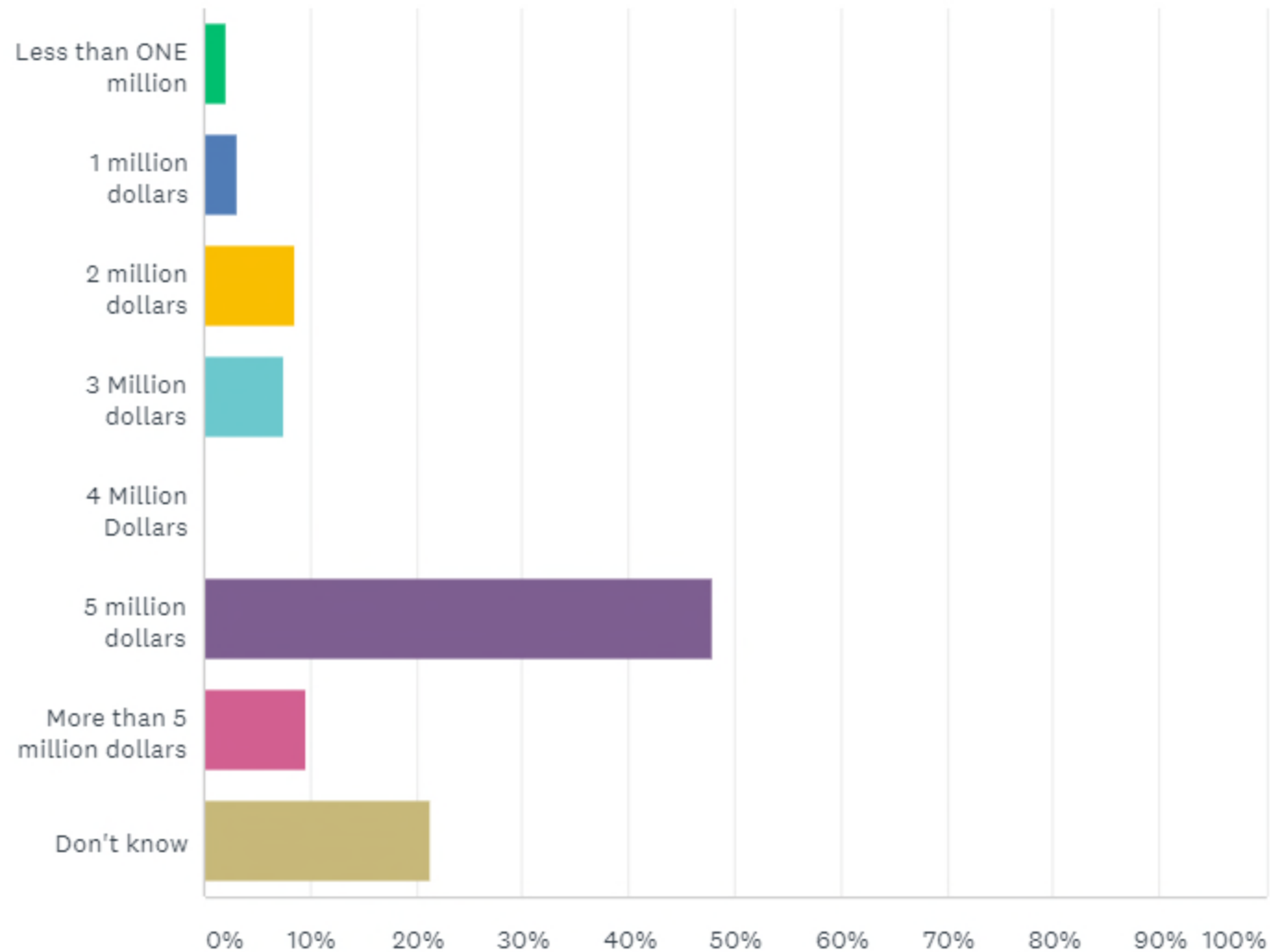
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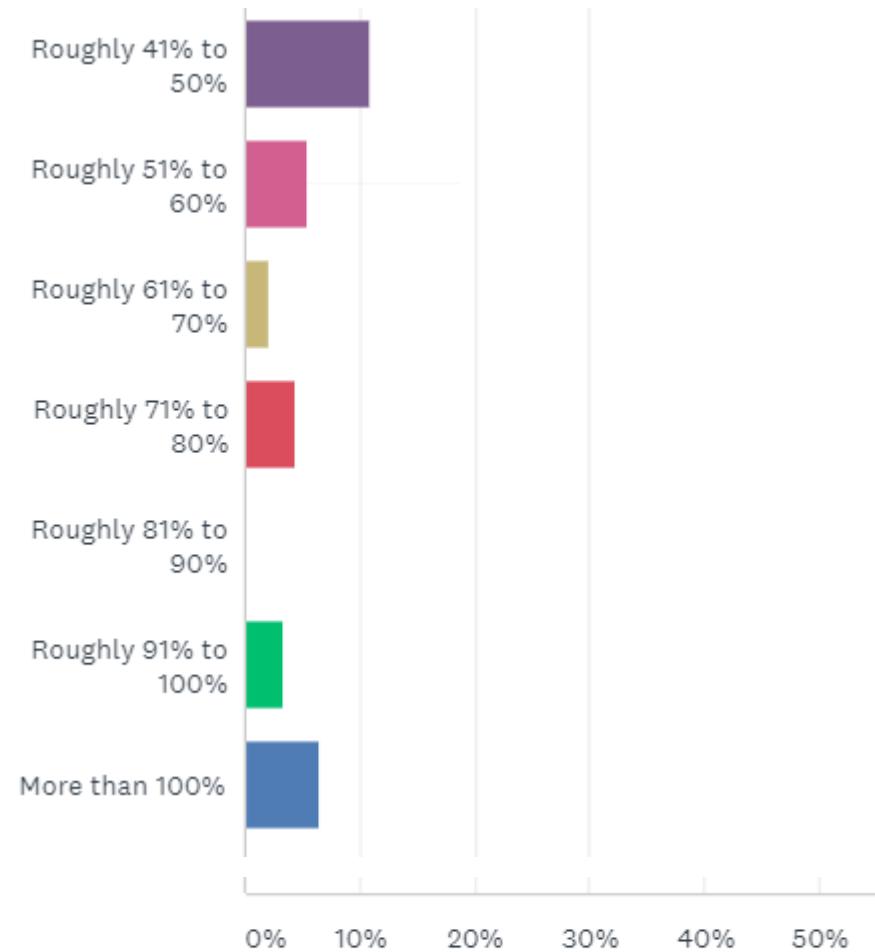
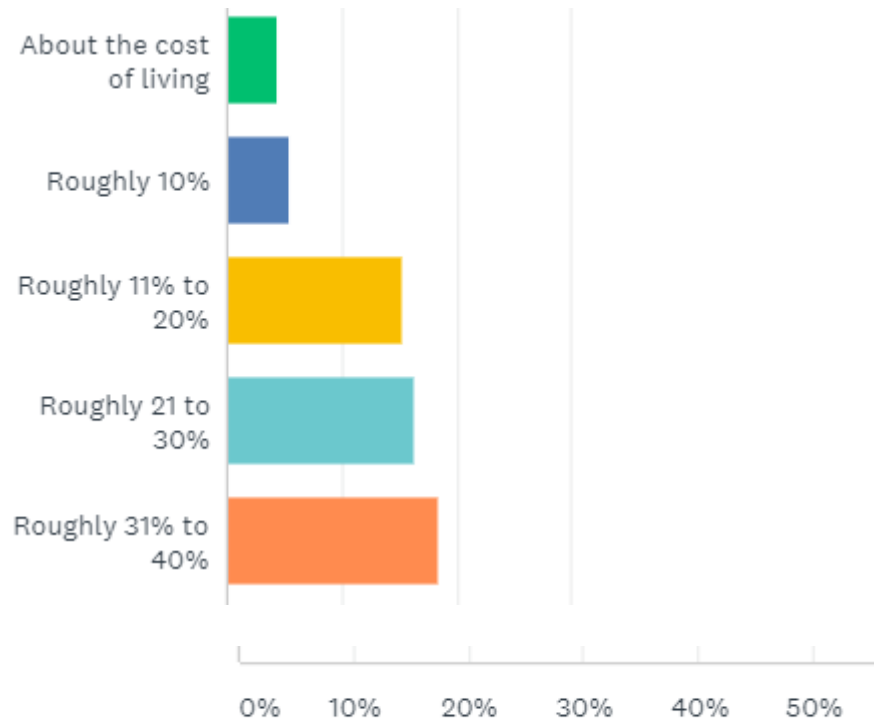


What is the limit of your corporation's coverage for Directors and officers liability?

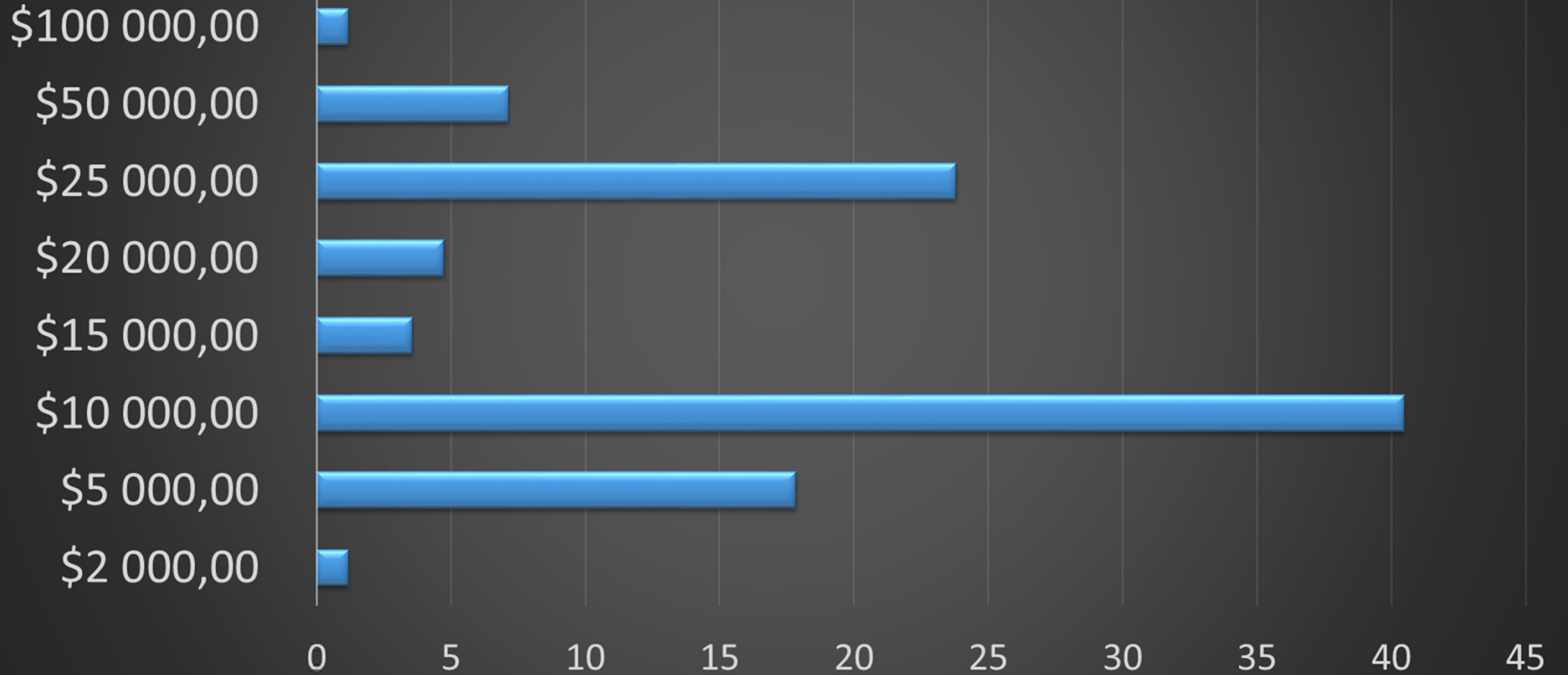
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If you insurance premiums have increased in the last 2 years or so, by roughly how much?



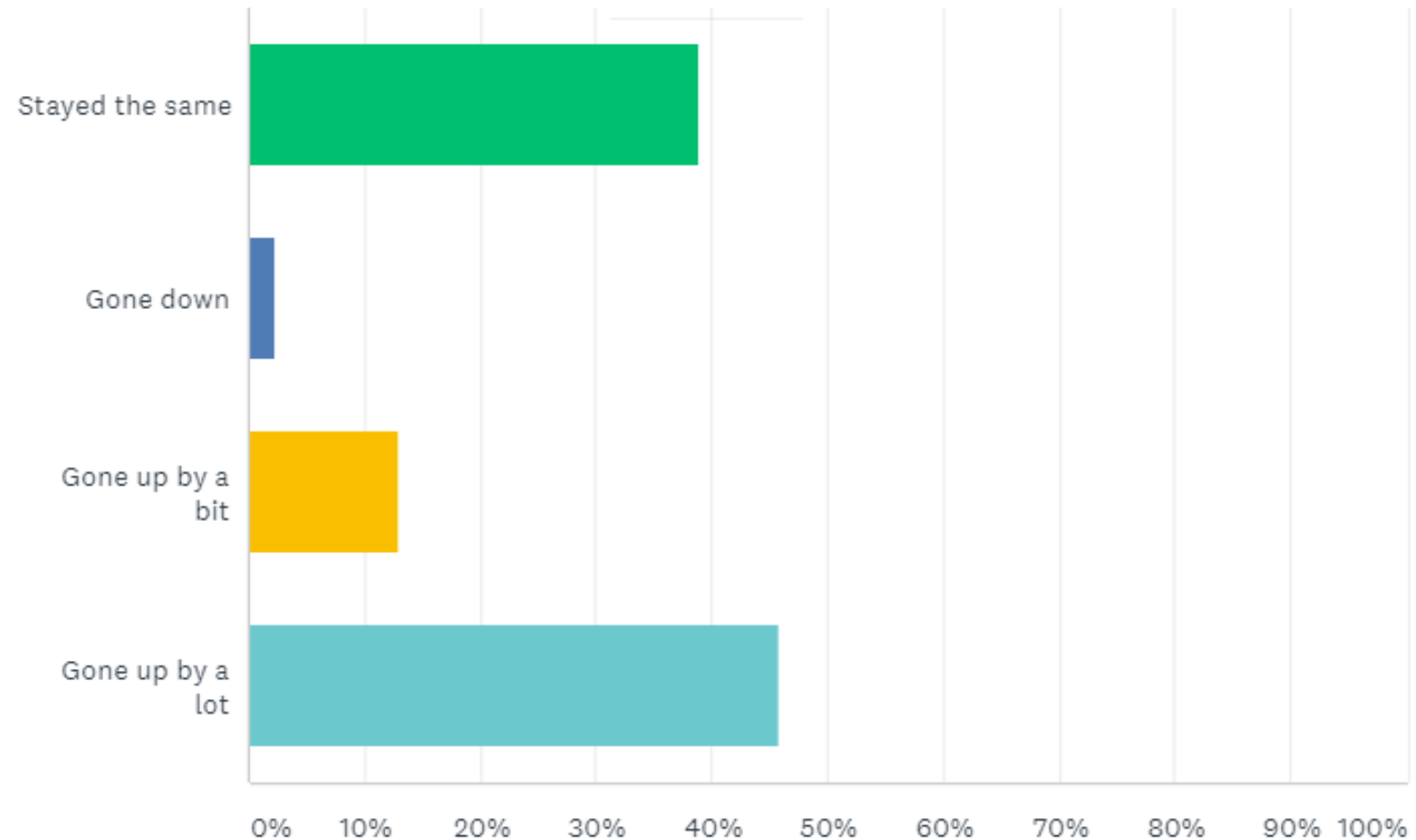
Water Deductible Amount





In the past couple of years, your corporation's insurance deductible has :

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Renewal Process

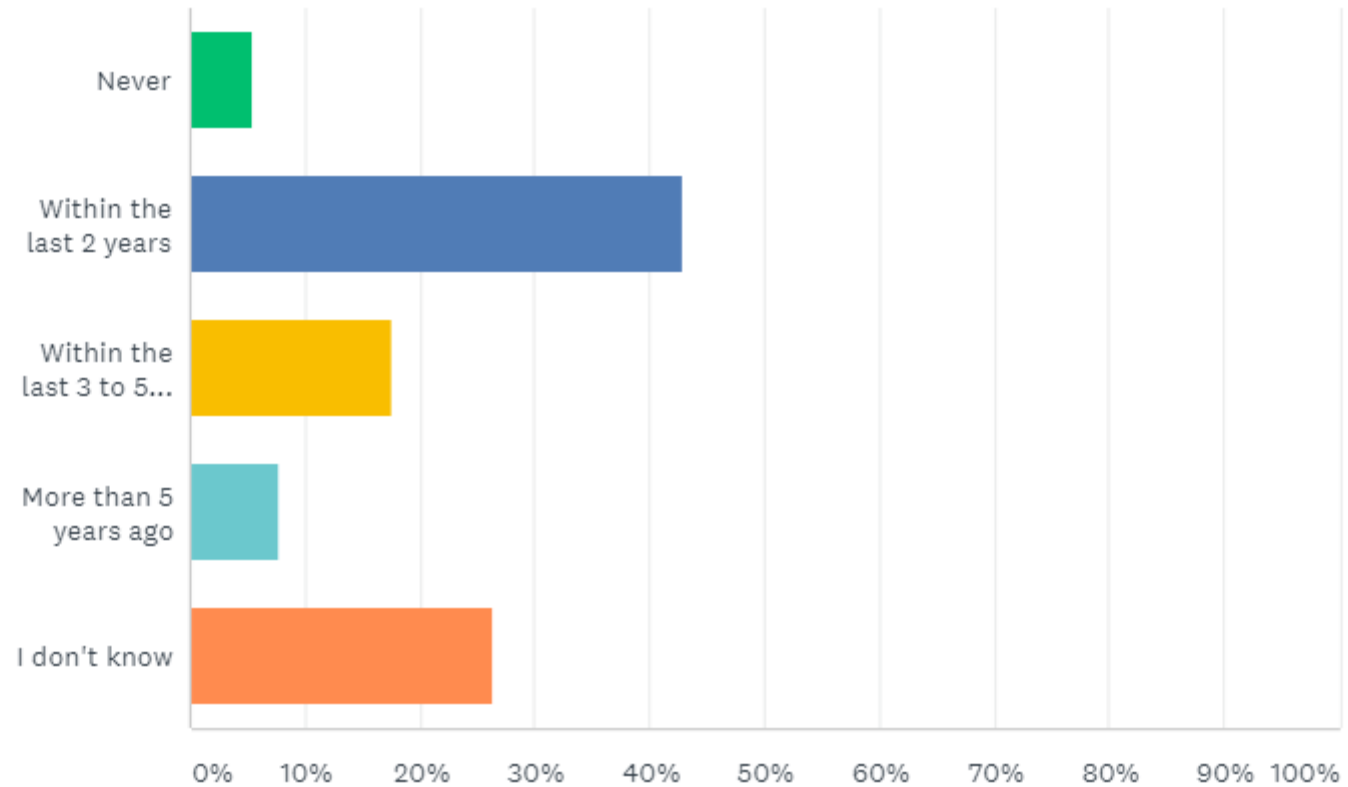


What has taken place since last renewal?

- Major updates completed
- Updated reserve fund study
- Claims reported
- Standard unit or deductible bylaw registered
- Percentage of rentals vs. owner occupied units

When is the last time you had your complex appraised for insurance purposes?

Answered: 91 Skipped: 15





When to make a claim and when to self-insure

- Budgeting for more than premium
- 2-3x deductible
- Impact of a claim – up to 5 years
- Prepare for the unexpected just as you prepare for the expected



How to improve your situation?

- Appropriate bylaws in place
- Policies for replacement of smoke alarms, hot water tanks, plumbing hoses, etc.
- Avoid claims whenever possible
- Newsletters
- Claims Protocols
- Expectations from insurance companies have changed



OCSCC 882 Insurance Cost Containment Strategy

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OCSCC 882

The Continental

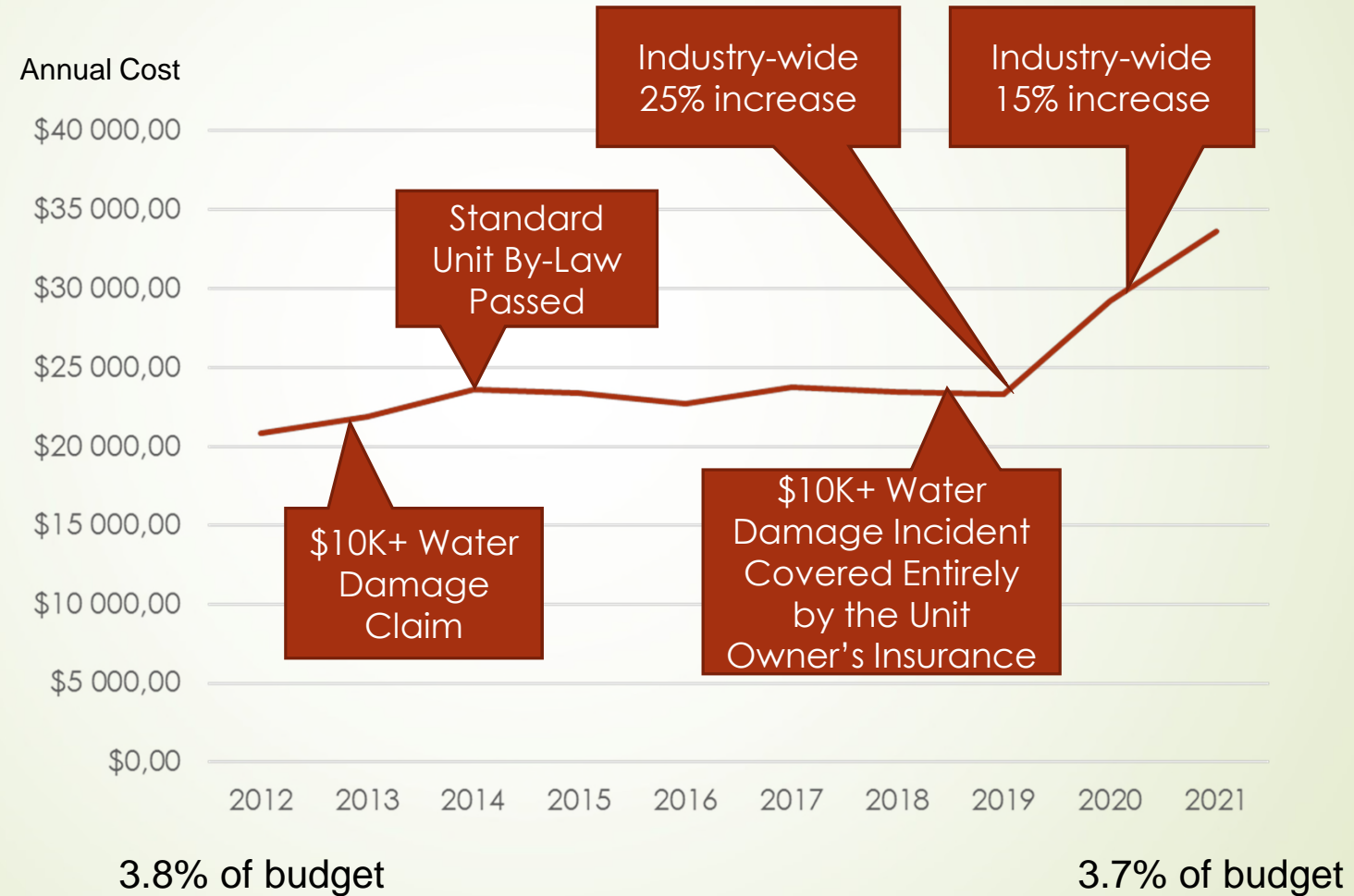


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Topics

- Insurance Costs
- Main Elements of the Cost Containment Strategy
 - Insurance By-Law
 - Standard Unit By-Law
 - Risk Identification and Reduction Measures
- Questions

OCSCC 882 Insurance Costs



Insurance By-Law

- In place from the beginning
- Makes unit owners responsible for paying the Corporation's insurance deductible for claims related to damage to their unit, regardless of cause
- Also makes unit owners responsible for paying the Corporation's insurance deductible for claims resulting from actions of a unit owner, their guests, tenants, etc.
- Insurance deductibles:
 - Earthquake: 5% of building value (approx. \$2.2M)
 - Flood: \$15,000
 - Sewer back-up, water damage, freezing: \$10,000
 - General liability: \$2,500
- Purpose of the By-Law is to limit insurance deductible expenditures from the corporation's General Fund

Standard Unit By-Law

- ▶ Approved by owners in 2014
- ▶ “Bare Bones” model
 - ▶ The Corporation is responsible for insuring those things it owns (structure, floor and ceiling slabs, unit perimeter walls, entry/balcony doors, windows, common element systems within walls, drop ceilings and bulkheads)
 - ▶ Unit owners are responsible for insuring what they own (interior walls and bulkheads, unit wiring, plumbing within unit boundaries, finish flooring, cabinetry, etc.)
- ▶ Designed to take maximum advantage of the much more competitive nature of the homeowner insurance market compared to the commercial market
- ▶ Purpose is to contain the Corporation’s insurance costs

Other Risk Management Measures

- ▶ Risk of water damage
 - ▶ Negotiating with the supplier to replace unit rental water heaters after ten years of service (2021) on behalf of unit owners, as well as those that have been purchased
 - ▶ Unit washing machine hoses to be replaced at same time as water heaters
 - ▶ More broadly, keeping on top of plumbing issues
- ▶ Risk of fire damage
 - ▶ Recently replaced all unit smoke detectors at the end of the design life (normally unit owner's responsibility)



Insurance Deductible By-law

INSURANCE DEDUCTIBLE BY-LAW

RÈGLEMENT SUR LA FRANCHISE

- **The corporation must insure all common elements and units.**
 - La corporation doit assurer les parties privatives et communes
- **When there's a claim, the corporation pays the deductible each time.**
 - La corporation paye la franchise chaque fois
- **The deductible / Franchise**
 - \$10,000 General/e
 - \$25,000 Water/Flood / Eau/innondation
- **The deductible will increase with claims being made / Augmentation de la franchise**

INSURANCE DEDUCTIBLE BY-LAW

REGLEMENT SUR LA FRANCHISE

Who should pay for the deductible...? Qui devrait payer?

- **Negligent owner causes damage to his/her unit?**
 - Propriétaire négligent endommage son unité?
- **Negligent owner causes damage to someone else's unit?**
 - Propriétaire négligent endommage l'unité de quelqu'un d'autre?
- **If an owner is negligent and causes damage to common element?**
 - Propriétaire négligent endommage les aires communes?
- **If the source of the damage is someone's appliances?**
 - Le dommage est causé par un appareil du propriétaire?

INSURANCE DEDUCTIBLE BY-LAW

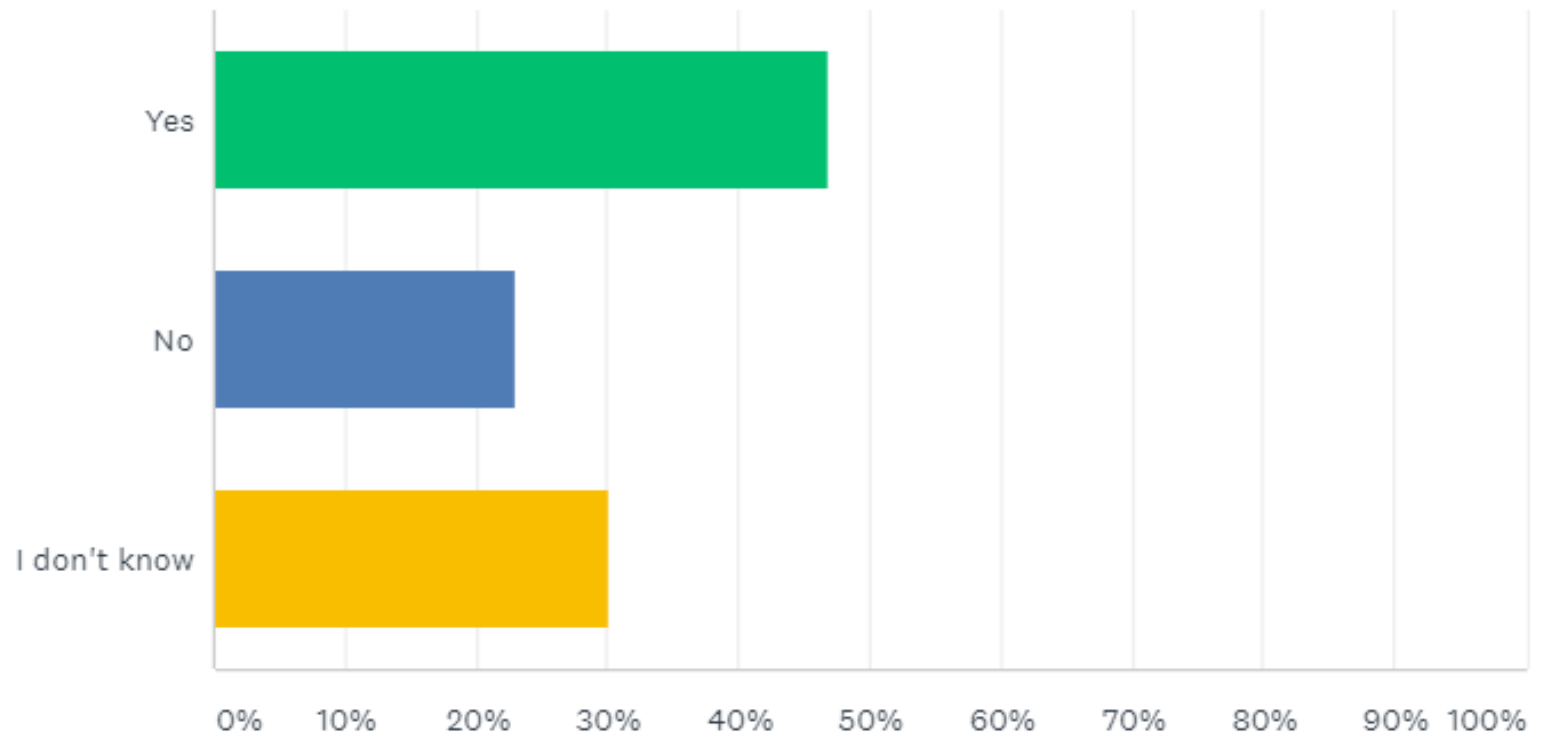
What does the bylaw do?

- **An owner will pay the deductible if / Le propriétaire assume la franchise si**
 - They are at fault / S'il y a une faute
 - They are at the source / S'il en est la source
- **If no one is to blame? / Si personne n'est en faute?**
 - The units having been damaged share the deductible.
 - Les unités endommagées partagent la franchise

Insurance Deductible By-law

Do you have an Insurance deductible By-law?

Answered: 96 Skipped: 10





Standard Unit By-law

STANDARD UNIT BY-LAW

RÈGLEMENT SUR L'UNITÉ DE BASE



- **The corporation is responsible to insure/repair units after damage**
 - La corporation assure/répare les unités
- **Owners insure/repairs any improvements**
 - Le propriétaire assure/repare les « améliorations »
- **The by-law defines what is the standard unit**
 - Le règlement définit ce qui est l'unité de base

STANDARD UNIT BY-LAW

RÈGLEMENT SUR L'UNITÉ DE BASE



Benefits of this by-law / Les avantages du règlement

- Reduces the collective insurance cost / Réduit le coût collectif de l'assurance
- More equitable to owners / Plus équitable pour les propriétaires
- Puts the onus on owners to be careful / Responsabilise les propriétaires
- Reduces disputes between insurers/owners / Réduit les disputes entre propriétaires et assureurs
- Streamlines repair process / Simplifie le travail de réparation et rénovation
- Most of you are already insured / Vous êtes sans doute déjà assuré

BENEFITS OF BY-LAW RÈGLEMENT



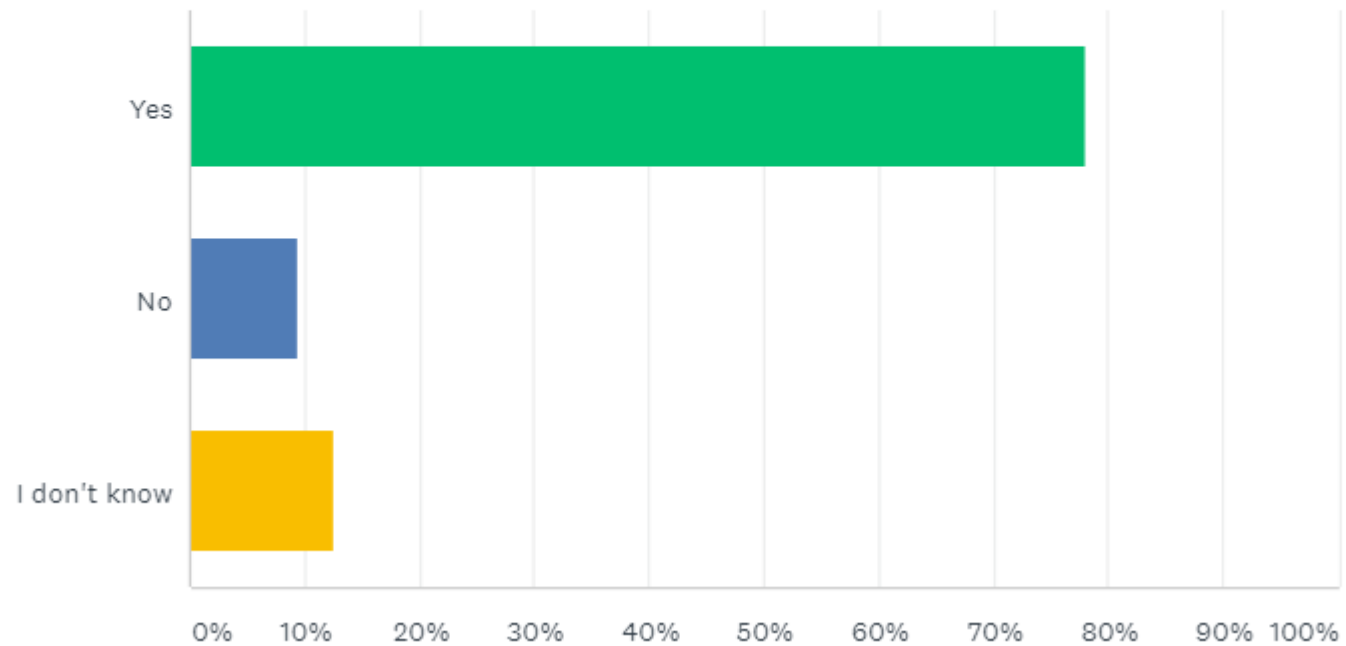
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- **Streamlines repair process / Simplifie le travail de réparation et rénovation**
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Standard Unit By-law

Do you have a Standard Unit By-law? (We will ask you more questions about this).

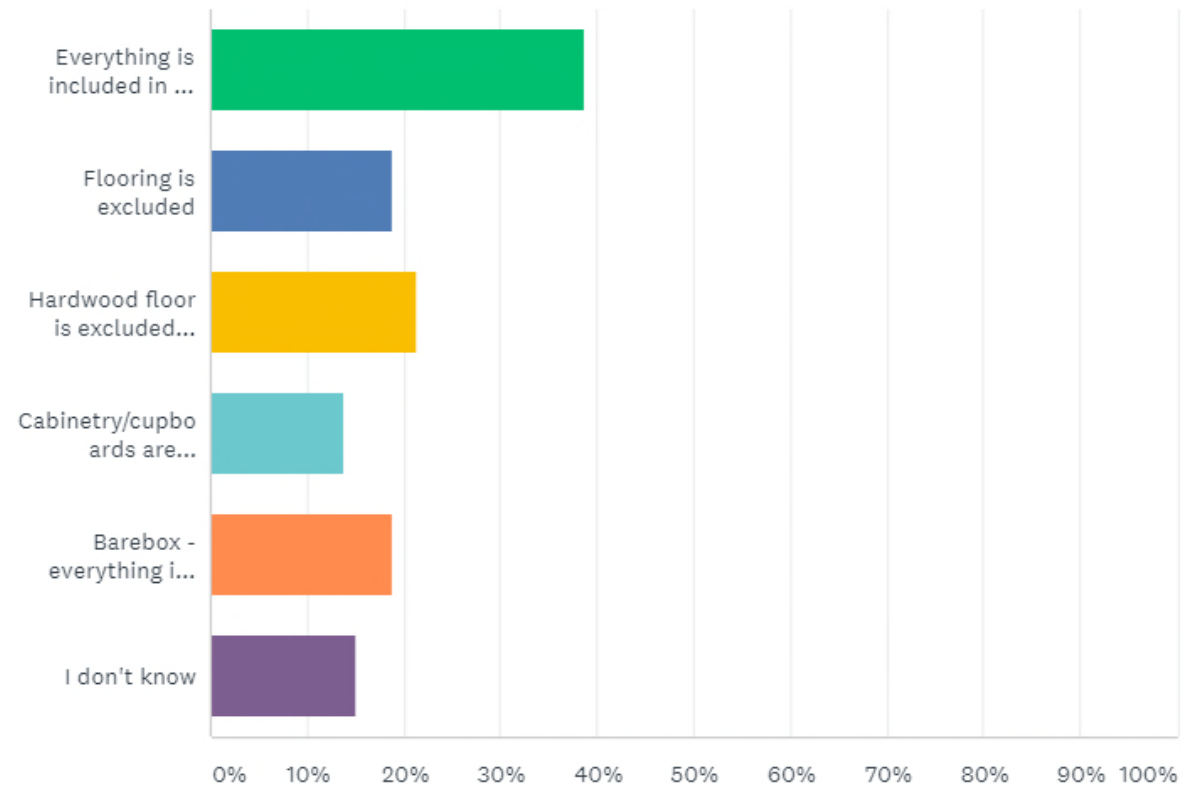
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Standard Unit By-law

If you have a Standard Unit By-law, what is included in the Standard Unit?
(Chose as many as apply)

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INSURANCE DEDUCTIBLE BY-LAW



OWNER'S INSURANCE COVERAGE

	UNIFUND	CAA	ALLSTATE	INTACT	ECONOMICAL
Insurance Deductible Coverage	\$400K	\$70K	\$50K	\$100K	\$2M
Contents	\$160K	\$70K	\$160K	\$170K	\$68.5K
Civil Liability	\$2M	\$2M	\$2M	\$2M	\$2M
Deductible for Water Damage	\$700	\$300	\$0	\$2,000	\$500
Cost of premium	\$545	\$539	\$638	\$700	\$632

Damage Mitigation Ideas

- **UNIT INSPECTIONS**
(refer to draft list of items)
- **PAMPER YOUR DRAINS**
(baking soda, vinegar and boiling water cocktail)
- **PLUMBER RECOMMENDATION**
(once a week, fill sinks and release water)
(exercising your valves)
- **HOT WATER TANK REPLACEMENT**
(every 10 years)
- **WATER ALARMS**
(110db and lasts 48 hrs plus)
(everywhere water can exit)
-



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