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IBC National Commercial Insurance Task Force's Midterm Report

June 2020

About IBC

Established in 1964, Insurance Bureau of Canada (IBC) is the national trade association representing Canada's private home, auto and business insurers.

Its member companies represent 90% of the Canadian property and casualty insurance market. IBC works on a number of fronts to increase public understanding of home, auto and business insurance.



Table of Contents

Executive Summary 4
Introduction 6
The Canadian Commercial Insurance Market and Its Challenges 7
The Alberta Context 9
The BC Context 10
Case Studies 12
The Path Forward: Concerns Raised at Roundtable Discussions 13
The Path Forward: Solutions Arising from the Roundtable Discussions 14
Conclusion 19

Executive Summary

The National Commercial Insurance Task Force, created by Insurance Bureau of Canada, addresses consumer concerns about the availability and affordability of commercial insurance. Its mandate includes information gathering, education and full reporting to the insurance industry and stakeholders on solutions to those consumer concerns. The Task Force is committed to national consultation and has, at the time this report was published, held roundtables in Alberta and British Columbia, to probe regional challenges the market is facing. In both provinces, annual commercial property direct claims costs have risen significantly in the past five years.

The Task Force has documented challenges in the two provinces. While both Alberta and BC face similar concerns related to commercial condominium/strata insurance, there are contributing factors that are unique to each province. Alberta is the hardest hit province in Canada for the increased frequency of extreme weather events, and BC faces challenges in the strata commercial insurance market as a result of lax – or non-existent – regulations governing the risk management practices of strata corporations themselves.

In this midterm report, the Task Force has identified a path forward on two tracks. First, it has captured the overarching concerns raised by the two roundtables. These include the need:

- For mandatory training of condominium corporation boards and strata council members on topics such as reserve funds and implementing a risk management strategy to ensure strong governance
- For better training of condominium and strata managers
- For stronger regulations governing the use of reserve funds and depreciation reports, and education on the important role those pieces in ensuring the overall maintenance and repair of strata corporations.
- To link risk management best practices with customized underwriting practices so that condominiums/strata corporations that do not have claims are rewarded with lower premiums
- For a tribunal in Alberta to deal with disputes similar to the BC Civil Resolution Tribunal
- For better data collection on condominium/strata corporation finances and risk management challenges.
- For a standard unit definition in BC to inform strata corporations and unit owners of their respective areas of responsibility.

- To improve the challenge in BC brought on by delays in the municipal permitting process, and the increase in costs this creates for insurer and strata corporations in undertaking repairs and reconstruction efforts.

- For increased in capacity in the condominium/strata insurance market in each province.

The second track on the path forward are the solutions identified at the two roundtables. A primary solution to be undertaken by all stakeholders is to improve communication and the sharing of accurate information on condominium governance and risk reduction best practices with condominium boards/strata councils and unit owners.

The Task Force also identified solutions that require government to implement reforms. These include:

- Defining a standard unit in legislation
- Amending building codes to reduce risk
- Amending land-use planning to reduce risk
- Making risk management education for condominium/strata board members mandatory
- Mandating the licensing of condominium/strata managers
- Mandating depreciation reports and enhancing regulations governing the use of reserve funds
- Capping loss assessments for strata lot owners
- Speeding up municipal permitting processes

The Task Force also identified solutions that insurers can undertake. These include:

- Educating insurance representatives and condominium/strata associations about risk management best practices
- Sharing information and research with governments on risk and regulatory reform
- Providing risk management support where possible
- Educating condominium boards/strata councils, unit owners and prospective owners about risk management and insurance pricing

Finally, the Task Force highlighted solutions for condominium/strata corporations that include working with their insurance representative through effective maintenance programs, board member education, adequate depreciation reports and reserve fund studies and other best practices to reduce risk and potential claims.

Introduction

In January 2020, Insurance Bureau of Canada (IBC) formed the National Commercial Insurance Task Force (Task Force) to address consumer concerns about the lack of availability and affordability of commercial insurance. The Task Force, which follows a consensus model and is chaired by IBC, includes representatives from the property and casualty (P&C) insurance industry and from industries that face commercial insurance challenges, such as the condominium, transportation, construction and real estate industries. The Task Force has held roundtable discussions in Alberta and British Columbia (BC) and will host roundtables in Ontario and the Atlantic provinces in the fall of 2020.

The mandate of the Task Force is to:

- Educate and inform consumers, governments and stakeholders on the factors contributing to the current availability and affordability challenges with commercial insurance
- Learn from different industry partners, governments, consumers and stakeholders about their challenges and risk management practices
- Produce a report for industry partners, consumers and stakeholders with recommendations on how to improve commercial insurance availability and affordability.

The Task Force held a roundtable in Alberta in February and in BC in March. Both focused specifically on consumer concerns about the lack of availability and affordability of strata[1] and condominium insurance. Strata and condominium insurance is one line of commercial insurance that is facing many challenges. While the challenges are similar in both provinces, there are contributing factors that are unique to each province.

In addition, other emerging commercial insurance challenges were raised at both roundtables. These discussions focused on both challenges and solutions for the commercial trucking, small-medium sized businesses, and real estate sectors. These topics will continue to be discussed and explored in future Task Force roundtables.

At the time of the roundtables, both provinces were encountering different economic pressures that shaped the business environment. It was forecast that both provinces would post only modest economic growth.

- In Alberta, the 2019 contraction in the oil and gas, manufacturing, transportation and logistics industries led to a vulnerable economic climate.
- In BC, non-residential expenditure by private business was forecast to decline, suggesting that companies had less to spend or were not confident taking on new investments and/or costs.

[1] In British Columbia, the word “strata” is synonymous with “condominium.”

This midterm report summarizes the Alberta and BC roundtables. It captures the condominium and strata issues that were considered most pressing and the solutions that have been suggested so far. The Task Force will release a full report by year end, after all four roundtables are complete.

The Canadian Commercial Insurance Market and Its Challenges

Since the Task Force began its work at the beginning of 2020, the world has been transformed as a result of the COVID-19 pandemic. The roundtable in BC was held virtually on March 17, as Canada was going into lockdown. Measures that the governments imposed across the country to slow the spread of COVID-19 have since devastated the economy, with 1 million jobs lost in March nationally and many non-essential businesses forced to close, some permanently. These changes have added pressures to the commercial insurance market; there is much uncertainty for both policyholders and insurance companies.

This shifting reality will be discussed at the future roundtables and will be addressed in the Task Force's final report. This midterm report, however, reflects the pre-pandemic issues of the commercial strata and condominium insurance market, which are still relevant.

The commercial insurance market includes products that protect businesses and non-profit enterprises operating in Canada. Insurance enables these entities to share the burden of the unexpected losses associated with damage to property or incurred liability. For example, typical commercial insurance products cover businesses against losses from damage to property and injury to employees. Insurance premiums are determined based on a number of factors, including the type of business and the associated trends of the business, the location of the business, the likelihood of an enterprise (or a group of enterprises with a similar set of circumstances) making a claim, and how much that claim will likely cost. For businesses that are renewing their policies, insurers will also review the policyholder's claims history to evaluate whether there are more claims or a high payout of claims compared to the industry average. Finally, insurers consider any risk management practices and strategies in place, such as risk mitigation technologies in a commercial building.

To calculate the premiums, an actuary analyzes these factors and forecasts the likelihood of a risk occurring. Actuaries must ensure that the premium charged for an insurance product will enable the insurance company to pay for potential claims and other expenses that it is contractually obligated to cover. Insurance prices may fluctuate from year to year, depending on the anticipated cost of a loss. Insurers spend a large portion of their resources on calculating premiums to ensure that their reserves are adequate in the event of a loss.

In addition to the above factors that are specific to the commercial insurance industry, several other factors affect the broader P&C insurance market.

The Insurance Market Cycle

The insurance market cycle tends to fluctuate between "hard" and "soft" and can vary by line of business and region. Soft markets are characterized by periods of falling premium prices due to excess capital in the market and high levels of competition. A hard market occurs when there are decreasing levels of competition, less capital and rising prices.

The commercial insurance industry in Canada began experiencing challenging market conditions for some lines of business in 2019.

Frequency of Extreme Weather

The increase in the frequency of extreme weather events, driven in part by climate change, is one of the most complex factors affecting the insurance market. While more severe weather events have led to an increase in demand for certain insurance products, pricing such policies is challenging given the wide fluctuations in weather patterns, which creates risk volatility. In 2016, the Canadian insurance industry experienced a loss of $5.1 billion, the highest-ever natural catastrophe[2] loss for a single year. Subsequently, smaller catastrophic weather events across the country have resulted in annual losses of $1.23 billion in 2017, $2.1 billion in 2018 and $1.4 billion in 2019.[3]

The magnitude of losses has grown significantly over the last decade. In 2018, more than half of the losses were caused by wind, tornado and hurricane events. In contrast, between 2009 and 2017, the average amount of damage caused by these types of events accounted for only 20% of catastrophic losses.

Interest Rates

In addition to earnings from premiums or "underwriting income," insurance companies also earn interest on their investment holdings, which primarily consist of bonds. Since the 2009 financial crisis, interest rates in Canada have fallen to record lows, which has suppressed the investment income of insurers. While low interest rates can benefit businesses by lowering borrowing costs for capital investments, they can also create an environment in which insurers need to hold higher claims reserves and increase their underwriting income, which can potentially lead to a lower capacity to underwrite new and current business. Low interest rates can be expected to persist as the economy gradually recovers over the next few years.

As a result of these factors, industry capacity has diminished, which impacts insurers' pricing. The combination of all these factors has created an extremely challenging state for insurance in Canada. While several of these factors, including interest rates and the frequency of extreme weather, are beyond the control of insurers, regulatory reforms and policy solutions can be implemented to mitigate these factors' effects on the commercial insurance market.

[2] According to Catastrophe Indices and Quantification Inc. (CatIQ), a catastrophic event is an event that affects multiple policies and causes more than $25 million in insured damage.
[3] CatIQ data.

The Alberta Context

Condominium corporations in Alberta have historically benefited from a highly competitive insurance market with low insurance premiums. Recently, however, condominium corporations have experienced an increase in both the frequency of claims and the cost of repairs. While insurers are typically prepared for losses to exceed premiums in any given year, losses in the condominium insurance market have exceeded premiums for several years in a row.

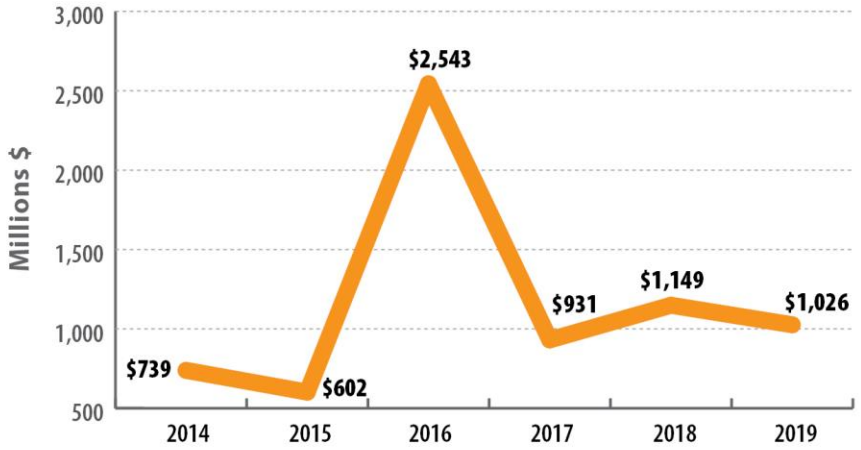
As well, the increasing frequency of extreme weather events has hit Alberta harder than other provinces. Of the 11 most expensive catastrophic events in Canada in terms of insured losses, six occurred in Alberta, including the 2013 southern Alberta floods and the 2016 Fort McMurray wildfire. Notably, these events have had several economic impacts – including loss of property and capital as well as unemployment – that can persist during recovery efforts and afterward. These events can shape businesses' abilities to take on costs and/or investments and can lead to an environment in which rising insurance costs can become difficult for businesses to manage.

An increase in catastrophic losses hurts all commercial lines, including condominium insurance. The southern Alberta floods and Fort McMurray wildfire had several negative effects on condominium insurance in Alberta, and insurers subsequently priced condominium corporations throughout the province for an increased risk of fires and floods.

In certain areas of Alberta, the economic challenges have led to empty condominium units, absentee condominium boards, a lack of effective risk management strategies and the inability to afford proper maintenance and repairs. Older properties in communities across the province were especially at risk. This led to an increase in commercial property claims not linked to extreme weather. Also, for some insurers the high vacancy rates posed significant risks that led them to re-evaluate their risk appetite for these properties.

Annual Commercial Property Direct Claims Costs in Alberta

In the last six years, commercial property direct claims costs in Alberta fluctuated, with claims costs between $602 million and $2.5 billion. Due to the wildfires in Fort McMurray, claims costs in 2016 were significantly higher than other years. However, there has been an overall increase in claims costs over the last five years.



Inflation adjusted. IBC with data from MSA Research Inc. $ 2019.
This graph is for commercial property direct claims costs, of which condominium insurance is included.

The BC Context

As stated earlier, in BC, strata insurance is the area of greatest concern within the commercial insurance market. Strata corporations have experienced many years of a highly competitive insurance market with low (and even declining) insurance premiums. However, increases in the frequency of claims, costs of repairs, and severe weather events have resulted in losses in the strata insurance market that have exceeded premiums for several years in a row. While insurers are typically prepared for losses to exceed premiums in any given year, insurers have now responded by increasing their premiums, particularly for properties with a history of claims.

Strata insurance concerns may be particularly pronounced in BC due to lax or non-existent regulations governing the risk management practices of strata corporations. When compared with other provinces, where strata insurance concerns are less prevalent, BC has fewer mandatory regulatory requirements governing strata corporations' reserve funding and building maintenance. As well, it does not require risk management training for strata councils. This has allowed strata fees to remain artificially low; however, it has greatly contributed to many strata corporations being severely underfunded and unable to properly maintain their buildings. With little funding for maintenance and repairs, some buildings have instead repeatedly turned to their insurance policies to cover repairs, a practice that has increased the frequency and cost of claims.

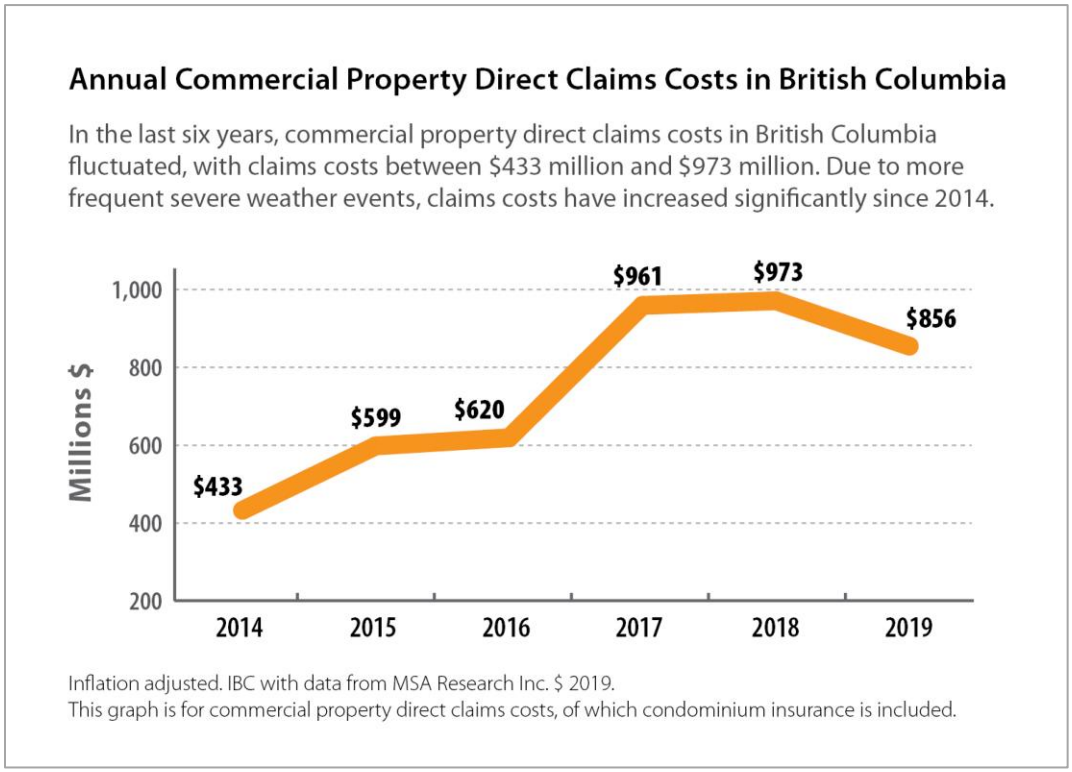
Other factors affecting the risk profile and premiums of strata insurance in BC include:

- **Location of properties***:* Many buildings are in areas at high risk of earthquakes, floods and/or fire
- **Increased costs***:* Building values and construction have risen in recent years. As these have increased, so too have the cost of replacement and repairs which impacts the costs of insurance claims. This ultimately puts pressure on the insurance market as a whole
- **The number of unoccupied units or tenants***:* Stratas with many unoccupied units are often not maintained as effectively or repaired as quickly as those that are occupied by unit owners.

The cost of delays in municipal permitting in BC, particularly in the Lower Mainland, is affecting insurers. Delays and backlogs in the municipal permitting process in greater Vancouver extend the time it takes to repair and rebuild properties after insured losses. Insurers must cover additional costs associated with these delays, such as additional living expenses, which can last months or even years.

The BC marketplace has also been challenged by a subset of strata corporations that have had more than the average number of claims because they were among those constructed in the 1990s that were poorly designed and built. According to the BC Housing Homeowner Protection Office, now part of the BC Housing Registrar, about 65,000 strata corporations are in this group. These stratas are prone to water damage as a result of the poor construction standards and building materials.

Other factors specific to BC relate to process issues.



BC stratas also face a unique risk because they are in an earthquake zone. BC is part of the Pacific Ring of Fire earthquake zone and faces the highest earthquake exposure in the country. Seismologists estimate there is a one-in-three chance of a giant subduction earthquake occurring in southwestern BC in the next 50 years. This risk, which could cause more than $125 billion in losses – of which $42 billion would be insured – affects the capacity of insurers operating in the BC marketplace and the price of insurance. Only about half of stratas in BC have earthquake insurance, which is not compulsory in the province.

Insurers have responded to all of these challenges by increasing their premiums, particularly for properties with a history of claims. While IBC has heard about significant increases for strata insurance, it appears to be occurring in only a small segment of the strata market. Anecdotal discussions have revealed that, on average, the cost of strata insurance in BC appears to have increased by only 35%.

Case Studies

As outlined in the Alberta and BC context sections, many factors can affect the calculation of an insurance premium. The case studies below, which are based on anecdotal discussions, intend to provide insight and a broader understanding of the underwriting criteria that insurers use.

Case Study 1	Case Study 2	Case Study 3
Composition: A four-storey condominium with over 90 units built in 1985	**Composition:** A strata with 12 two-storey buildings built in 1989	**Composition:** A four-storey strata built in 2010 with over 20 units
Features: • Wood-frame construction • Located in a fire and flood hazard area • 50% of the units are unoccupied • Four insurance claims made in the past four years, each for more than $100,000 • Long history of maintenance issues and prior insurance claims	**Features:** • Wood-frame construction • Located in a major urban area near fire stations and other emergency services • In a high earthquake hazard area • One claim made in the past five years totalled over $500,000	**Features:** • Concrete construction • Located in smaller urban area • No claims in past five years
Considerations: • Wood-frame buildings are considered higher risk than buildings made from other materials due to fire losses, even if they have sprinkler systems (which are associated with losses related to mould)	**Considerations:** • Older properties require more maintenance and repairs and are considered higher risk • If an earthquake occurred in the province, this area would likely be affected	**Considerations:** • Smaller urban areas not near fire and emergency response play a factor in the risk profile

• Location on flood plains or near fire hazards (forest) increases the risk profile of the building • Occupancy of the units is a factor used in the underwriting process as unoccupied units may not be protected from certain risks, including water damage		
Impact: • The premium increase at renewal was approximately 700% higher than the year before	**Impact:** • The premium increase at renewal was 105% higher than the year before	**Impact:** • The premium increase at renewal was 39% higher than the year before

The Path Forward: Concerns Raised at Roundtable Discussions

The inaugural Task Force roundtable discussion was on February 18 in Edmonton. The second Task Force roundtable discussion was held on March 17 for the BC region as a virtual event due to restrictions on in-person gatherings during the COVID-19 pandemic. Both discussions involved 50 to 60 participants from the province's condominium industry, as well as representatives from the respective provincial governments, municipalities and the transportation and real estate sectors, among others.

Similar concerns were raised at both roundtables, including the need for:

overarching concerns raised by the two roundtables. These include the need:

- For mandatory training of condominium corporation boards and strata council members on topics such as reserve funds and implementing a risk management strategy to ensure strong governance
- For better training of condominium and strata managers
- For stronger regulations governing the use of reserve funds and depreciation reports, and education on the important role those pieces in ensuring the overall maintenance and repair of strata corporations.
- To link risk management best practices with customized underwriting practices so that condominiums/strata corporations that do not have claims are rewarded with lower premiums
- For a tribunal in Alberta to deal with disputes similar to the BC Civil Resolution Tribunal
- For better data collection on condominium/strata corporation finances and risk management challenges.

- For a standard unit definition in BC to inform strata corporations and unit owners of their respective areas of responsibility.
- To improve the challenge in BC brought on by delays in the municipal permitting process, and the increase in costs this creates for insurer and strata corporations in undertaking repairs and reconstruction efforts.
- For increased in capacity in the condominium/strata insurance market in each province

The Path Forward: Solutions Arising from the Roundtable Discussions

Process and Communications

In both roundtable discussions, many participants noted the severe lack of information and education regarding how to properly govern and maintain a condominium/strata. As well, the participants noted the need for information on what practices a unit owner and corporation can undertake to mitigate claims and ultimately improve their property risk profile, which will lead to better insurance pricing.

In response, IBC launched a communications campaign dedicated to the condominium/strata sector. The campaign provides information on:

- What prospective buyers should ask before purchasing a unit
- How to maintain and protect a unit
- How to work with a insurance representative and/or insurer
- Factors that affect insurance prices in the condominium/strata market.

The campaign also includes a list of resources that could be helpful.

IBC has also engaged a risk manager to lead a team to support a broker/agent of record and property management of a condominium/strata corporation that is having difficulty securing coverage or affordable insurance. The risk manager guides affected condominium/stratas through a process that includes:

- A preliminary assessment to determine whether a risk management review should take place
- A risk management review of the property, if necessary, and sharing of the results and recommendations for improvement with the property's insurance representative
- Assistance to the insurance representative in working with the condominium/strata property management team to implement the risk manager's recommendations to make the property more insurable (if the corporation is willing to follow the recommendations).

Recommended Actions

IBC and the Task Force understand that there is no single solution to address the issues facing the commercial condominium/strata insurance sector. However, the following recommendations for

governments, insurers and condominium/strata corporations are all part of a multi-faceted approach to solve the pressing concerns within this sector.

Governments

IBC is encouraging the Alberta and BC governments to adopt measures to improve the insurance market for condominium/strata corporations and unit owners. Some of these reforms have already been implemented in other provinces.

Define "Standard Unit" in Legislation

Define a standard condominium unit as a bare shell (bare floors, ceilings and unfinished interior walls of the unit) in legislation.

- In the absence of a standard definition, unit owners are vulnerable to the discretion of condominium corporations, which may assign unit owners the responsibility for repairs to property that might otherwise be considered common property.
- A clear standard unit definition eliminates confusion about which insurance policy applies (the condominium corporation's or the unit owner's). Ultimately, this can lead to faster, more efficient repairs when damage occurs. Additionally, it would allow unit owners to insure their own unit improvements, which they carried out or acquired.
- In January 2020, Alberta passed regulations requiring each condominium corporation to define its own standard unit, which includes several standard features that must be included within the definition. This is a step in the right direction.

Amend Building Codes to Reduce Risk

Mandate fire breaks and/or fire walls in wood-frame buildings, recessed sprinklers, automatic water shut-off valves, moisture sensors and leak detection devices to help mitigate risk and reduce the severity of damage within condominium/strata buildings.

- Governments need to understand that the types of building materials used are one of the main underwriting considerations in assessing risk and ultimately in pricing insurance premiums.
- The Alberta and BC governments recently amended their respective building codes to allow 12-storey wood-frame buildings, which raises concerns about resilience to fire and water damage. Fire damage to a wood-frame structure can result in a total loss, whereas structures containing concrete material might only realize a partial loss. Wood-frame structures are also considered a high risk for an increase in water damage claims.
- Most provincial codes focus primarily on life and safety to the exclusion of property damage and climate resilience. Including reforms such as those mentioned above will help prevent and/or mitigate damage in the event of a fire or water leak.

Amend Land-Use Planning to Reduce Risk

Amend land-use planning and permitting processes to prohibit development and rebuilding on flood plains. There is simply no rationale for continuing to place Canadians in harm's way and at a cost to future taxpayers.

- The location of a condominium/strata is a consideration for insurers when pricing risk. Condominiums/stratas built on or near a flood plain are at higher risk of overland flooding. These amendments will shift condominium/strata developments away from areas that are at high risk of flooding. All governments should amend land-use planning and building codes to improve climate resilience as soon as possible.

Make Education for Board Members Mandatory

Mandate training modules to educate condominium board members and strata councils on best practices. The modules should focus on how to maximize resources and eliminate risks that could impact elements of building operations, including insurance.

- This training assists condominium boards and strata councils in understanding their obligations and establishing best practices for good governance. Insurance is complex, and issues such as when to make a claim, how to make a claim and how claims may impact future premiums are often misunderstood.

Mandate the Licensing of Condominium Managers

Mandate licensing through education requirements for condominium managers on topics including condominium law, physical building management and financial planning.

- This requirement will ensure that those who are charged with the oversight of condominiums have a broad understanding of the responsibilities associated with the position. The education could include how to manage issues, risks and challenges as they arise, and how this management affects insurance.
- Alberta legislation requires the licensing of condominium managers; however, the regulatory framework to implement this requirement has not been put into place. This has resulted in condominium managers currently operating without any training or education related to the role of overseeing condominiums.
- BC requires that strata managers be licensed. The Real Estate Council of British Columbia (RECBC) is responsible for the licensing, education and discipline of real estate service providers, including strata managers and strata management companies. RECBC also sets out certain requirements for strata management companies to follow. These requirements include recordkeeping, providing services to strata sections, and establishing separate trust funds for separate strata corporations and sections.

Mandate Depreciation Reports with Sufficient Oversight

Mandate depreciation reports (also known as a reserve fund studies) in BC to guide strata corporations to set and properly price out short-, medium- and long-term repair and replacement goals.

- Currently, BC requires strata corporations to obtain depreciation reports. However, legislation allows exemptions in the following cases:
    - Three-quarters vote in favour of not obtaining a depreciation a report;
    - Stratas with less than five units.
- Permitting strata corporations to opt out of obtaining a depreciation report has significantly decreased the effectiveness of requiring depreciation reports in legislation.
- Mandating a depreciation report and requiring it to be updated in short-term timeframes (that is, every five years) allows corporations to examine the short-, medium- and long-term repair and replacement work that may be required for their building. As an increase in claims may be a result of poor construction quality or lack of preventive maintenance, these provisions will ensure that buildings are kept in good condition in the long term and provide investment security to owners.
- It is equally important to determine a mechanism of accountability to ensure that depreciation reports/reserve fund studies are carried out and followed so that adequate funds are accumulated to address anticipated repair issues, removing these from the claims process. This allows existing or future condominium unit and/or strata lot owners, to know if the corporation is carrying out the scheduled maintenance and repairs according to the deprecation report/reserve fund study.
- In Alberta, under the recent regulatory reforms, new requirements are in place to require a reserve fund study to be completed every five years or more frequently.

Capping loss assessments for strata lot owners

Create a cap for deductible assessment and non-insured loss assessment. The cap may be a quantified amount. Alternatively, the government may introduce a requirement that each strata corporation is required to pass a bylaw allocating a percentage of the deductible.

- A cap on deductibles for strata lot owners is a prudent way to manage escalating deductible amounts. Introducing an upper loss assessment cap (for deductible assessment and non-insured loss assessment) may assist strata lot owners in accessing adequate, affordable insurance products to protect their residences and themselves from potential financial losses. While protecting strata lot owners, this change will not alleviate the challenges strata corporations experience with their coverages.
- Through recent reforms, Alberta allows condominium corporations to seek recovery of the deductible portion of the corporation's insurance claim up to a maximum of $50,000.

Municipal Permitting Delays

To reduce repair costs, the BC provincial and local governments should find ways to speed up municipal permitting processes to reduce the time it takes to repair and rebuild properties after an insured loss.

- One option is to identify a new stream where permits can be expedited if it risks additional costs for the resident/business, for an additional administrative fee. This includes local governments

examining current processes to identify further efficiencies and reduce overall costs that will be borne by the end user, including the resident or business affected.

Insurers

- Work with insurance representatives and condominium/strata associations to educate and inform condominium/strata corporations and consumers about best practices related to risk management, including providing information that will help corporations improve their risk profile.
- Work with stakeholders to increase an understanding of insurance and risk profiles while highlighting industry standards.
- Share information and research with governments about regulatory reforms that will help to address the issues facing condominium corporations.
- Continue to work with insurance representatives and condominium corporations that are facing issues in securing adequate insurance, through IBC's Risk Manager. Where appropriate, engage IBC's Condominium Action Team to work with the broker/agent of record to find insurance for condominium or strata corporations unable to obtain insurance coverage.
- Continue to offer support to consumers through IBC's Risk Manager and Consumer Information Centre at 1-844-2ask-IBC (1-844-227-5422), and leverage IBC's web site and social media channels to share information with condominium or strata unit owners and those interested in purchasing a condominium or strata unit.
- Ensure governments and consumers understand how condominium insurance is priced and what factors are considered when underwriting a risk.

Condominium/strata corporations

- Condominium/strata corporation managers should talk to their insurance representative about what risk management strategies will help protect the condominium or strata building. An effective and efficient maintenance program will help mitigate many of the risks that condominium or strata corporations face.
- Shop around for the most affordable coverage, well before renewal dates.
- Educate board members/strata council and managers to ensure they understand their obligations, establishing best practices for good governance. Information should focus on how to maximize resources and eliminate risks that could impact elements of building operations, including insurance.
- Ensure reserve fund studies are completed frequently and followed so that adequate funds are maintained to address maintenance and repair issues, removing these from the claims process.
- Adopt a bare shell standard-unit definition.

Conclusion

Given the current situation surrounding the COVID-19 pandemic, the National Commercial Insurance Task Force roundtable discussions will be postponed until fall 2020.

In the interim, IBC will continue to work with the condominium sector and provincial governments on the proposed reforms outlined above. IBC will also continue to educate and communicate with condominium boards and strata councils, as well as unit owners, about best practices. It will also address any questions or concerns they have during this time.

Questions about insurance? Call us.

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