



February 21, 2020

IMPORTANT

STRATA CORPORATION INSURANCE – BCS 3334

The most recent strata corporation insurance policy term was February 25, 2019 to February 25, 2020.

The insurance market has changed dramatically in recent months with insurers reducing their capacity and increasing rates for residential strata in the Lower Mainland. The result is increased insurance premiums and deductibles.

CapriCMW Insurance Services has been able to provide an insurance renewal proposal. The strata corporation has secured policy coverage for the period of February 25, 2020 to February 25, 2021. It is extremely important that you review the coverage with your own insurance agent with respect to deductibles. The deductibles on the policy have dramatically increased and you may be responsible for costs up to the amount of the deductible. You may have coverage for the deductible or be able to obtain coverage under your strata lot owner policy.

Information is also attached regarding coverage available through CapriCMW for Excess Loss Assessment/Deductible coverage for Water Damage and Sewer Backup should you have a gap in your unit owner policy.

All losses	deductible previously \$5,000.00, now deductible is \$75,000.00
Water damage	deductible previously \$25,000.00, now deductible is \$100,000.00
Sewer back up	deductible previously \$25,000.00, now deductible is \$100,000.00
Glass	deductible previously \$500.00, now deductible \$2,500.00

Attached is the Summary of Coverages for this insurance policy. We strongly recommend you seek immediate insurance advice from your own insurance agent on these coverages and how the new coverage and deductibles may impact you as a strata lot owner at Wills Creek.

Below is information relative to the costs of the strata corporation insurance for the February 25, 2019 to February 25, 2020 policy compared to the renewal policy for February 25, 2020 to February 25, 2021.

	<u>2019-2020</u>	<u>2020-2021</u>
Premium	\$117,720.00	\$299,956.00
Legal service retainer (Clark Wilson)	\$ 545.00	\$ 545.00
Earthquake buy down (deductible reduction from 10% to 5%)	\$ 11,009.00	\$ 14,760.00
Earthquake buy down admin fee (insurer fee)	\$ 700.00	\$ 888.00
Total premium	\$129,974.00	\$316,149.00
Property value	\$62,911,000.00	\$65,600,000.00

Kelly Raby, Property Manager
On behalf of the Owners, Strata Plan BCS 3334



RE/MAX Master Insurance Program Summary of Coverages - Strata Plan BCS3334

Insured	The Owners of Strata Plan BCS3334, Wills Creek Dwell Property Management	Property Policy Number: CMWM1730
Policy Period	From: February 25, 2020	To: February 25, 2021
Location(s)	3109 161st Street, Surrey, BC V3Z 2K4 3122 160th Street, Surrey, BC V3Z 8K5	Effective February 25, 2020

Description of Coverages	Limits of Liability	Deductibles
Property of Every Description – Per Occurrence, Form CMWM-October 2019, Appraisal: Feb 25, 2020, Year of Cycle: 1	\$ 65,600,000.	See Below
Business Interruption	Not Covered	
Earthquake – Annual Aggregate	\$ 65,600,000.	
Flood – Annual Aggregate	\$ 65,600,000.	
Blanket Glass	Included	
Equipment Breakdown - By-laws Included	\$ 65,600,000.	\$1,000.
Business Interruption - Loss of Profits (Gross Rentals)	Not Covered	
Included - Debris Removal, \$500,000. Ammonia Contamination, \$500,000. Hazardous Substances, \$1,000,000. Expediting Expense, \$500,000. Water Damage, \$250,000. Extra Expense, \$100,000. Service Interruption	Included	
General Liability – Bodily Injury, Personal Injury and Property Damage Liability – Each Accident or Occurrence	\$ 15,000,000.	*\$1,000.
Products and Completed Operations – Aggregate Limit	\$ 15,000,000.	
Non-Owned Automobile	\$ 15,000,000.	
Advertising Injury Liability	\$ 15,000,000.	
Medical Payments – Each Person	\$ 10,000.	
Tenants' Legal Liability – Any One Premises	\$ 250,000.	\$1,000.
Voluntary Compensation Extension – Strata Volunteers Coverage (Weekly Indemnity of 2/3 of Employee's Weekly Wage, but not exceeding \$500/week & set at \$500/week for Volunteer Workers)	\$ 50,000.	
Strata Corporation Directors & Officers Liability – Annual Aggregate – Claims Made; Defense Costs Outside limit of liability - No limitation	\$ 20,000,000.	Nil
Professional Liability Extension for Property Manager per Wrongful Act – Annual Aggregate – Claims Made	Included	Nil
Discrimination Defense Costs	Included	
Employment Practices Liability	Included	
Broad Form Money & Securities - Loss Inside & Outside Premises, Depositors Forgery	Not Covered	
Employee Dishonesty, Coverage – Form A	Not Covered	
Pollution Liability – Each Pollution Event, Including Bodily Injury or Property Damage and Clean-up Costs	\$ 1,000,000.	\$10,000.
Aggregate (Master) Policy Limit	\$ 5,000,000.	
Terrorism and Sabotage Coverage	\$ 500,000.	\$2,500
Volunteer Accident Coverage	\$ 100,000.	7 Day Waiting Period
Principal Sum - \$100,000 Weekly Accident Indemnity - \$500 (maximum 52 weeks)		
Accident Expenses - various up to \$15,000. (please see wording) Dental Expenses \$5,000.		
Intellect Privacy & Data Breach		Nil.
Liability	\$ 50,000.	
Expense	\$ 10,000.	
Earthquake Deductible Buy-Down Coverage – Annual Aggregate	\$ 3,280,000.	5 %

Deductibles – Property

- All Losses \$75,000 except:
- Water Damage \$100,000
- Sewer Back-up \$100,000
- Flood \$100,000
- Earthquake 10%, minimum \$250,000
Earthquake Deductible Buy - Down: 5 %
- Residential Glass Breakage \$2,500
- Canopy Glass Breakage \$5,000
- Master Key Coverage \$2,500
- Lock and Key Coverage \$2,500
- All Losses arising from Vacant Units \$75,000
- Sprinkler Discharge \$100,000

Conditions – Property

- All Risks of direct physical loss or damage to property described at Location(s) of Risk shown above.
- Basis of Loss Settlement – Replacement Cost including by-laws.
- Co-insurance Basis – Stated Amount.
- Any Property additions, renovations or installation work will be subject to a limit of 15% of the insured value, with a maximum of \$1,000,000.

Conditions – General Liability

- Property Manager is an Additional Named Insured for their management of the Strata Plan.
*\$1,000. Bodily Injury Deductible shall be waived on the first bodily injury loss/claim if there is no prior bodily injury loss within 5 years from the effective date of the coverage term

Platinum Legal Services Retainer Contract

Per Claim – \$1,500,000 Term Aggregate

Note: The Legal Services Retainer Contract with Clark Wilson LLP is not a contract of insurance but is a Retainer agreement between the Strata Corporation and Clark Wilson LLP for Legal Services as described in the Contract. Premium is fully earned.

Aggregate Fees Cap per Legal Proceeding

\$1,000,000.

E&OE

This document does not form part of the policy. For more specific details, please refer to the actual policy wordings.

The intent of the Strata Corporation's Insurance is to cover the building as originally constructed by the developer. A 'Condominium Unit Owners' policy covers the owners' personal contents, unit improvements and betterments, additional living expenses, and personal liability protection.

In the event of a loss, the determining factor as to which policy will respond is based on the 'type of property damaged' as opposed to the 'cause of damage', most often both the strata and strata lot owners policy are triggered in the event of a claim.

Some important coverage features to consider when obtaining Unit Owners Insurance include:

Deductible Assessment & Losses below the Deductible

In accordance with the Strata Property Act, the strata insurance policy in place only provides property coverage for Common Property, including any buildings shown on the strata plan, the common assets and any fixtures built or installed on the strata lot by the developer as part of the original construction of that strata lot.

That said, there is no requirement under the Strata Property Act for the Strata Corporation to repair and maintain the strata lot, nor any requirement for the strata corporation to insure fixtures inside a unit that are not original fixtures. In fact, the bylaws of most strata corporations make unit owners responsible for the repair and maintenance of their strata lot, including fixtures, regardless of the cause of the damage.

Problems:

- Where damage occurs that is below the Strata Insurance deductible so that the Strata Corporation does not have an insurable claim, the Strata Corporation has no obligation to repair the strata lot either. This means the owner is left to repair their fixtures even if the damage was not caused by any fault of their own or originates from another strata lot or the common property.
- Where damage occurs that is above the Strata Insurance deductible, there is case law that says that a Strata Corporation may, in certain circumstances, assess 100% of their deductible to the owner of the unit of origin regardless of whether the unit owner is negligent.

Solution:

You can obtain coverage for both these scenarios under a Condominium Unit Owners Policy.

Please ensure when arranging your Condominium Unit Owners insurance policy that the insurance company provides:

Unit Additional Protection – provides coverage for losses which are under the strata corporation deductible as follows:

- coverage for the owners unit (excluding items insured under Unit Improvements and Betterments) when the Condominium corporation has no insurance, its insurance is inadequate, or it is not effective (i.e. due to application of deductible)

Loss Assessment – provides coverage for:

- Your share of any special assessment if the assessment is valid under the Condominium Corporations Governing Rules and is made necessary by a direct loss to common elements. Common elements being rooftop, parking, party rooms, ect.
- Inadequate limits under the Strata Corporation Insurance Policy
- Deductible Assessment to your unit of Strata Corporation Insurance Policy Deductible

Key Coverage to confirm under your Personal Insurance Policy.

Contents: The Strata Corporation's Insurance does not cover your personal belongings in the event of a loss, regardless of the cause. All Owners and Tenants must therefore have their own Personal Insurance Policy for their personal belongings ("Contents") such as furniture, clothing, electronics, etc. Further, in the event there is damage to your unit, your contents may need to be removed during the repair. The Strata Corporation's Insurance does not cover the move out or storage costs - this is covered under the Contents provision of your Personal Insurance Policy. **Often, the replacement value of your personal belongings is greater than anticipated **

Additional Living Expenses: You may need alternate accommodation during repairs to your unit, such as a hotel or rental unit. In the event of a significant loss, your unit could be uninhabitable for one year or greater. "Additional Living Expenses" are included in a Personal Insurance Policy (as a percentage of your contents limit) to cover these out of pocket expenses. For owners renting their unit, you may have a tenant vacate your premises following an insured loss. You can obtain coverage for loss of rental income in these circumstances.

Unit Upgrades: The Strata Corporation's Insurance does not cover unit upgrades, whether made by yourself or a previous unit owner. It is therefore imperative you insure any unit upgrades under your Personal Insurance Policy (sometimes known as 'Unit Improvements and Betterments'). Examples of upgrades include: hardwood or laminate flooring, and upgraded appliances.

Loss Assessment: In the event of a Strata Corporation claim originating in your unit, you will likely be assessed the Strata Corporation's Deductible. Please review the strata insurance information contained in your AGM package and be sure you have sufficient coverage for the strata's deductibles, specifically the Water Damage and Sewer Back-up Deductible.

Unit Additional Protection: One component of this extension under a Personal Insurance Policy is to provide coverage in the event the Strata Corporation's Insurance is not effective. This is very important as there could be damage to your unit which does not exceed the strata corporation's deductible, and therefore does not trigger the strata corporation's policy. Please ensure your Personal Insurance Policy includes coverage for in-suite damages that are under the Strata Corporation's Deductible for which you are responsible.

Earthquake: In the event of an earthquake, each unit owner will be assessed their share of the strata's Earthquake Deductible. Given the exposure to earthquake in the lower mainland and resulting high deductibles, we recommend you insure this exposure to the extent permitted under you policy.

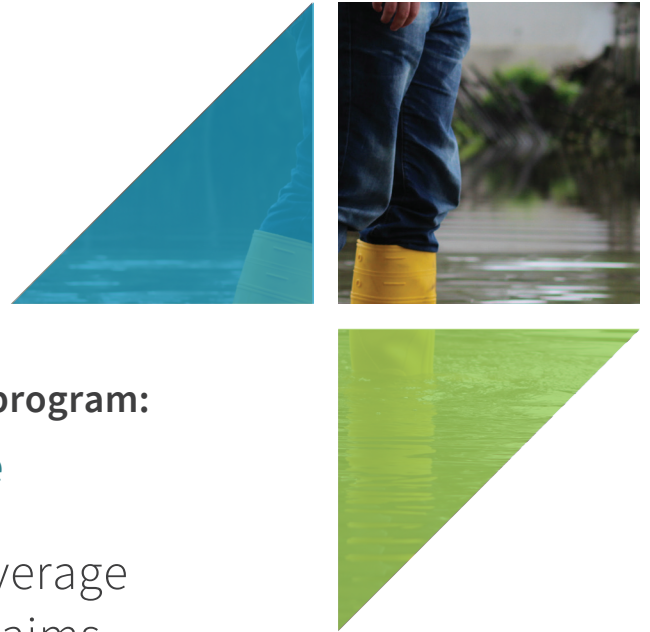
Sewer Back-up: An Insurer or Broker may offer Sewer Back-up coverage as optional, it is very important this coverage is included as the strata class does experience these types of losses, such as a toilet backup.

Water Damage: We recommend you request your personal insurance provider quote the broadest water damage coverage available.

Personal Liability This covers your unintentional personal actions anywhere in the world in the event that you are held liable for bodily injury or property damage to another.

Annual Premiums for a Personalized Unit Owners Package can start as low as \$500 and are available through most of your local insurance brokers as well as through our office.

capricmw.ca



**CapriCMW Strata Division launches new online program:
www.capricmw.ca/deductible-coverage**

**Excess Loss Assessment/Deductible Coverage
for Water Damage and Sewer Backup Claims**

There has been a high frequency and increasing severity of natural catastrophes around the world in the past few years, affecting the global insurance market. Coupled with increasing water damage claims and repair costs, insurers are increasing water damage and sewer backup deductibles on the Strata Corporations Insurance.

As a unit owner, you can be held responsible to pay these high deductibles.

You can purchase deductible assessment insurance under your personal condominium unit owners insurance. However, in many instances, this is capped at \$25,000 to \$50,000, which may not be enough to keep up with the increasing Strata Corporation deductibles.

With CapriCMW Insurance, you can increase your personal deductible assessment coverage up to \$250,000.

EXAMPLE

Strata Corporation's Water Damage Deductible	\$ 250,000
Deductible Assessment Coverage Under Unit Owner's Condo Policy	\$ 100,000
Gap to be Paid by Unit Owner	\$ 150,000

Please note: *To be eligible for coverage, a current annual lease is required for any units being rented out. Our excess coverage will increase your limits available should you be assessed the strata deductible. This coverage is in excess of your primary unit owners policy, and will only be triggered once the underlying policy pays out.*

Available exclusively through CapriCMW Insurance's online portal.

CapriCMW Insurance is committed to providing leading edge insurance solutions in today's marketplace. To apply, visit www.capricmw.ca/deductible-coverage.

The information contained in this document is current as of December 31, 2019. This document does not form part of the policy. For more specific details, please refer to the actual policy wordings.