Editor's note: Readers are encouraged to ask their most confounding condo questions to our resident condo specialist: Maria Bartolotti.

ASK MARIA

By Maria Bartolotti

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MODERN URBAN LIVING IN CALGARY

THE COST OF NATURAL DISASTERS

Condo owners wil be paying higher insurance costs

Q: What can condo owners expect for property insurance rates in the coming years?

A: Like most condominium management companies we've heard, seen or been told that condominium insurance is on the rise, which could mean higher condo fees for owners. In some cases premiums have increased by 20 up to 50 per cent followed by higher deductibles.

It's no secret that Co-operator, Alberta's third largest property Insure is no longer underwriting new business and has stopped renewing commercial condo policies.

The reason for this: sever weather. Alberta has been hit by a series of devastating natural disasters starting with the Calgary floods of 2013. Since then, we've had to endure through snow and hail storms as the province gained a reputation as the weather disaster centre of Canada. Even if you've so far remained dry and unscathed through all that, we're still on the hook for insurance claims totaling at least $2.4 billion over the last couple of summers.

In recent years and mostly in 2014 the Alberta Insurance Market Place for residential condominiums has become extremely volatile. What has created this volatility and how is this affecting the placement of business? The fact of the matter is that six out of the 10 worst natural disasters in Canadian history have occurred in Alberta.

These weather related losses along with the usual fire, water damage and sewer back up claims is pushing insurance rates up.

Truth be told, the premium rate structure used with condominiums over the past five to seven years has been very suppressed. This suppressed rate structure could not sustain profitability with the large catastrophic losses Alberta has experienced in the residential condominium sector. Premiums are pooled from many policy-holders to pay for losses of a few.

In this province, more than a few have large claims. Insurance is a business and in order to continue insuring these risks massive rate corrections in premium have been required over the past few years. Remember, Insurance companies are a business. If the risk category is not profitable the premiums must go up to support the losses or the insurer(s) will stop insuring these risks, says Greg Cortese, Vice President, Client Executive with BFL Canada.

Intact Financial Corp., the country's largest P&C insurer, took its first underwriting loss in a decade because of the disasters, and other insurers also announced losses.

"Extreme weather events from the summer have made it clear that the sustainability of insurance in its current form is being challenged," says Charles Brindamour, chief executive of Intact, in the company's last conference call in November.

Fair enough to say, that if you have property — whether a single-family home or a condo — you can probably expect your insurance rates to go up in the near future.

Until next time CL

Maria Bartolotti A.C.C.I, is the owner-manager of New Concept Management Inc. She has developed a strong reputation for rendering timely and efficient services to the condominium industry. Maria believes that her company's success hinges on her hands-on approach to condominium management as well as maintaining open lines of communications with her clientele. Maria is actively involved in her industry. For more information, visit **www.newconceptmanagement.com**