

# ALBERTA MAKES CHANGES TO CONDO INSURANCE

## HERE'S WHAT YOU NEED TO KNOW!

MARIA  
BARTOLOTTI



**Q:** *Maria, what can you tell us about the Legislative changes to Insurance Deductibles, and should condo owners be worried?*

**A:** On Jan 1, 2020, the Government of Alberta enacted Legislation under the Condominium Property Act of Alberta Section 62.4 of the Regulations giving the board the ability to seek recovery from an owner for damages that originates in or from the owners unit or their exclusive use area to a maximum of \$50,000. This is called "absolute liability" which means that it is no longer a requirement to prove negligence.

According to the Alberta government, these changes in the insurance law were necessary to control the widespread premium increases for condo owners. In recent years, the number of claims filed by strata and condominium corporations has increased quite significantly. As multi-unit buildings by nature, when something like a water failure or a kitchen fire occurs within a condo, multiple units are often affected. That means repair costs are often quite substantial, especially with property values and rebuilding costs increasing significantly.

There are a number of insurance changes enacted in the new

law. However, the hot topic that everyone is talking about is the condo board's ability to assess the deductible back to an owner.

**Q:** *So, what does this mean for you?*

**A:** As a condo owner, you are only responsible for paying the deductible to a max limit of \$50,000. Anything above this amount is not chargeable to the unit owner. It is also important to understand that if the deductible amount is less than \$50,000 per the deductible limit of your condominium corporation's policy, then the owner is only responsible for that portion regardless of the size of claim. In other words, if your condominium corporation's deductible is \$10,000, but the damages inside the unit were \$15,000. The board only has the authority to assess back \$10,000.

**Q:** *So what can we do?*

**A:** As a unit owner it would be in your best interest to obtain a copy of the condominium insurance certificate and review the water loss deductible amounts with your personal insurance representative. This is very crucial since eight out of 10 claims derive from a water loss occurrence. Have them match the highest deductible limits to water, sewer back up or all other losses on the condominium corporation's insurance policy.

It is also very important to note that owners are only required to have this coverage if it is outlined

in the corporation's bylaws, but they can be held responsible for the deductible payment regardless of whether or not they have their own coverage. So it is vital for every owner to check deductible coverage under his or her personal insurance policy.

**Q:** *When does the deductible not become a charge back to the unit?*

**A:** When there is 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.

For more information, go to Alberta.ca.

Until Next time ...Maria Bartolotti, New Concept Management Owner, ACCI, FCCI

*Maria Bartolotti was born and raised in Calgary, Alberta, a City she loves to call home. She is actively involved in many aspects of condo living since starting as a Condominium Property Manager in 2001. In 2005, she started her own Condominium Management firm, New Concept Management Inc., and has not looked back.*

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