

CONDOMINIUM INSURANCE AND RISK MANAGEMENT

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Over the past two years Nova Scotia condominium corporations have experienced increased premiums and deductibles and now find there are fewer options in the insurance marketplace.

Your insurance provider may discuss “Hard Market”, “Capacity Shortage”, or “Insurer Performance”. These industry facts are relevant to you as insurance consumers. Understanding what is happening in the marketplace can help owners and boards lead risk management discussions and loss prevention measures in your corporation.

Insurers globally have encountered challenging market conditions over the past several years. Declining investment income, record low interest rates, increasing claims costs and reduced investor interest. Declining performance measures created the “Hard Market” and “Capacity Shortage”, meaning that fewer insurers providing less insurance products to a growing marketplace. Supply is down, demand is up, the result of which is what we are experiencing.

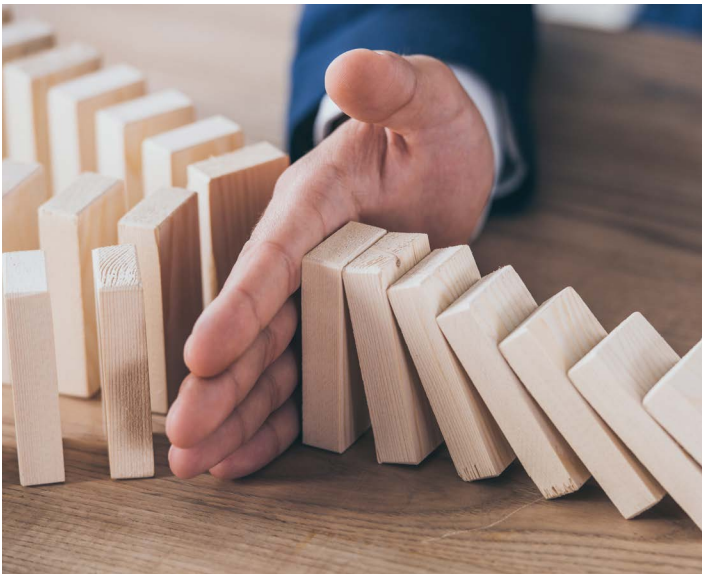
CCI National held a Cross Canada “Insurance State of the Market” webinar on October 22. Insurance brokers from across Canada outlined

shared challenges in their regions, with measures corporations might incorporate to prevent and mitigate future claims.

Aging buildings, municipal infrastructure and deferred maintenance is a concern across Canada. Building, heating, electrical and plumbing systems may no longer be sufficient for modern demands.

What does the age of my building have to do with fire insurance? Most fires are caused by cooking or smoking, not buildings, right? The fact is this, the most frequent insurance claims in Canada are water related, not fire. Water from domestic hot water tanks, appliance hoses, ice makers, stuck valves in washing machines, overflow from tubs and sinks, and air conditioning/heat pump drains. Water ingress through the building envelope, windows, doors, and damaged roofing are also on the rise due to building age and changing weather patterns.

While these are not as spectacular as the Calgary hail event or a building fire, it is the frequency and volume of these claims that makes them the leading cause of loss in Canada.



The CCI Insurance panel were also in agreement on the path ahead. Most water losses are preventable or when they occur can be mitigated through an active risk management and disaster recovery plan.

Insurers are looking to corporations as their partners in risk. Is your corporation actively managed through self management and/or a property management firm? Do you have a risk reduction strategy in place including some or all of the following?

- 1) Hot water tank replacements, drip pan and water alarms;
- 2) Electronic water monitoring and detection devices;
- 3) Plumbing inspections including hose replacements;
- 4) Building envelope inspections;
- 5) Dryer vent cleaning;
- 6) Chimney and flue inspection and cleaning;

- 7) BBQ and Smoking By-Laws;
- 8) Fire safety inspections;
- 9) Work performed only by qualified, licensed and insured professionals;
- 10) Disaster recovery plan including contact information for Restoration Contractor(s), EHS, EMO, Fire, Police, Community Services, Red Cross, Insurance, Legal, and Accounting;
- 11) Reconstruction cost appraisals;
- 12) Active communication and education plan;
- 13) Speak to legal counsel specializing in Condominium Law in Nova Scotia;
- 14) Speak to your insurance provider and detail your efforts;
- 15) All records, manifests and documentation available that detail all of the above, and where this information is stored.

This is not an exhaustive list of risk management topics. Every corporation is different. Risks change as buildings age; new developments occur; legislation, owners, boards, community, climate, environment, and economic changes happen. Risk management is an active process, it serves you best when it is maintained, utilized, and well documented.

What can your corporation do? How can you prevent future insurance premium and deductible increases? How can you make and create more options for insurance in the future? Do not look at insurance as a maintenance plan or financing vehicle. Look at insurance as a disaster recovery measure, one part of your risk management strategy that you develop with the owners and board and your property manager. Be the "Best in Class" corporation, your efforts today will pay dividends in the future for risk mitigation, loss prevention, cost reduction and protect the value of your condominium, your home. ■

<p>Canadian Condominium Institute</p> <p style="font-size: 2em; font-weight: bold; margin: 0;">CCI</p> <p style="font-size: 0.8em; margin: 0;">Institut canadien des condominiums</p> <p style="font-size: 0.7em; margin: 0;">Nova Scotia Chapter</p>	<p>#3 - 644 Portland Street, Suite 135 Dartmouth, NS, B2W 2M3</p> <p>Telephone: (902) 222-4002 E-mail: ccins.board@gmail.com Website: www.ccinovascotia.ca</p>
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