



Best Practices for Managing Increasing Strata Deductibles

Increasing costs and frequency of water damage claims have led to poor results for insurers in the strata class of business. In response to ongoing financial losses, insurers are increasing deductibles. To mitigate the impact of increased water damage and sewer backup deductibles, CapriCMW recommends strata corporations implement the following best practices:

1 Review bylaws to ensure a proper chargeback bylaw is in place.

Most stratas prefer to charge back all claims to the extent permitted under the Strata Property Act. In order to do so, the strata should have a chargeback bylaw with a responsibility threshold, rather than a negligence threshold. The strata may wish to have their bylaw reviewed by a lawyer. If the strata includes the Clark Wilson Legal Services Retainer in their insurance program, they can request a specific bylaw review under the retainer contract.

2 Every unit owner should have their own insurance and confirm with their provider that there is coverage for the strata's water damage deductible.

Most strata corporation bylaws allow the strata corporation to assess the deductible to unit owners. It is imperative that all owners have insurance to cover the full water damage deductible. Otherwise, unit owners should get in touch with their personal insurance providers to get this necessary coverage added. **CapriCMW is also proud to launch our new Deductible Assessment Buy Up program for unit owners.**

3 Loss Prevention is more important than ever.

The best risk management tool for managing increased deductibles is loss prevention and mitigation. Here are some key measures you should be taking for loss prevention:

- replace your supply line
- know where water shut-off valves are located
- consider water leak detectors
- perform regular and preventative maintenance
- never leave your appliances running while away from the property
- consider implementing maintenance bylaws
- consider sprinkler cages



Let CapriCMW help you

Please see attached our full CapriCMW Insurance risk management brochure. To assist with future renewal negotiations, the strata should maintain records of loss prevention measures completed as well as records for significant losses which did not result in a claim, due to imposition of a deductible.

As the strata's insurance broker, **we commit to working with you** on a comprehensive risk management plan and reviewing the strata insurance placement annually, canvassing the insurance market to craft the best insurance program available.

Your CapriCMW Risk Advisors are always available to assist in the event of a loss, whether insured or not.

Contact your CapriCMW Risk Advisor Today for more information.

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