

**MINUTES  
STRATA COUNCIL MEETING  
THE OWNERS STRATA PLAN EPS 3084  
SEQUEL 138**

***Held on Monday, April 27, 2020  
Via Zoom Video Conferencing***

<b>COUNCIL IN ATTENDANCE:</b>	Ian Cook	President
	Gavin Gilmour	Vice-President
	Mahbod Rouhany	Member
	Gabriella Milgrom	Member
<b>REGRETS:</b>	Daniel Letient	Secretary / Treasurer
<b>BUILDING MANAGER:</b>	Scott Gilbert	
<b>STRATA MANAGER:</b>	Susan Paquette	FirstService Residential
<b>GUEST:</b>	Vladimir Hristov	FirstService Residential, SM

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The meeting was called to order at 6:00 p.m.

**BUILDING MANAGER REPORT**

The Building Manager presented the weekly Building Manager Reports:

- ***Resident Manager Training Certificate:*** At the last Strata Council meeting, Council approved the reimbursement to Scott Gilbert for the Resident Manager Training certificate program, in the amount of \$1,475.00, upon his completion and passing of the exam. As Scott Gilbert completed and passed the RMT exam and the cost of the RMT certificate program has increased to \$1,695.00, it was moved and seconded that Scott Gilbert be reimbursed the full amount of \$1,695.00. **CARRIED.**
- ***WHMIS & Pest Control Training:*** The Building Manager has been handling pesticides and it was recommended that he complete the WHMIS and Pest Control certification training. WHMIS was a covered topic in the RMT program and therefore not required to complete. The Pest Control certification pamphlets were ordered online at a cost of \$120.00. It was moved and seconded that Scott be reimbursed the cost of \$120.00 for the pamphlets. **CARRIED.**
- ***Security:*** A wireless video camera was recommended to be installed in the parkade lobby. Quotations will be obtained and forwarded to the Strata Council for consideration. Nikls Property Services attended and repaired multiple doors. Three security and lock quotations were reviewed by Council. It was moved and seconded that the email approval of the Ben's Locksmith quotation to repair gates and doors and install an astragal lock on Commercial Unit 120, be ratified. **CARRIED.**
- ***Video Cameras:*** The Strata Council requested that the Building Manager assess all CCTV locations and identify areas where cameras can be redirected for increased security. Council Member, Daniel Letient, will forward a map of strategic placement of cameras. A quotation to install additional cameras was reviewed. It was moved and

seconded that the Cascade quotation, in the amount of \$6,033 plus GST to relocate two cameras and install four additional cameras, be approved. **CARRIED.**

- **Graffiti:** Commercial Unit 136 has scratches etched into the window by vandalism. Quotations will be requested to remove the scratches.
- **Fob Inventory:** A fob audit will be performed by the Building Manager. A mass communication notice with further instructions will be sent out this week. Owners are requested to submit a list of active fobs in their possession to [sequelfobs@gmail.com](mailto:sequelfobs@gmail.com).
- **Door Issues:** The rear door of SL085 had the lock changed following a Vancouver Fire Department order providing access into SL088. The legal opinion obtained by the Strata Council noted that SL85 has access to SL88, not typical in a Strata Plan, however the Strata Lots are not common property and the Strata Council is not responsible for managing them. If any issues involving the Strata Lots are reported, the Strata will recommend the Owners resolve the issues between themselves.
- **Pest Control:** Scott reported that residents are frustrated by unsatisfactory pest control services, pests not being terminated and the technicians not attending when scheduled. Council requested the Strata Manager advise the termination clause of the current Orkin Canada contract and obtain quotations from pest control companies and forward to Council for review and consideration upon receipt.

Last year, pesticides were administered by the Building Manager to terminate ants and there were no sightings for many months. Two residents recently reported ant sightings. An ant survey was emailed to the residents and returned and forwarded to a pest control company for follow up, direction and a quotation to resolve.

- **Building Manager Contract:** It was moved and seconded that the email decision offering Scott Gilbert the Building Manager position at \$2,700 per month plus the Janitorial Services contract at \$1,050 per month, commencing March 1, 2020, be ratified. **CARRIED.**

After review of the signed contract and a legal opinion recommending that two separate contracts would be in both Scott's and the Strata's best interests, it was moved and seconded that the lawyer be retained to amend the Janitorial Service and the Building Manager contracts at a cost of between \$500. - \$900 plus GST. **CARRIED.**

Council discussed the importance of having a volunteer liaison for possible issues arising between residents, guests and the Building Manager. Council member, Gavin Gilmour volunteered.

The Building Manager hours will be Monday to Saturday 8:00 am – 12:00 pm for Janitorial services and Building Manager duties. Fobs, elevator pad requests for moves in and out, storage lockers, pest control and other inquiries can be emailed to [eps3084buildingmanager@gmail.com](mailto:eps3084buildingmanager@gmail.com). Owners and residents can submit repair and maintenance requests of common property and bylaw complaints to the Strata Manager at [info.bc@fsresidential.com](mailto:info.bc@fsresidential.com). Scott Gilbert's cell phone: 778-834-1635 is for after hour emergencies – i.e. leaks.

### **APPROVAL OF STRATA COUNCIL MEETING MINUTES**

It was moved and seconded to approve the Minutes of the Strata Council Meeting held February 3, 2020 with the following amendment under *Review of Accounts Receivable*:

*“SL012 was assessed a chargeback for the investigation of a leak. At the request of the Owner and upon review of the plumbing invoice, the leak originated from a common pipe therefore not a strata lot responsibility. The chargeback in the amount of \$804.30 is reversed and the invoice expensed to Repairs and Maintenance. **CARRIED.**”*

### **FINANCIAL REPORT**

1. ***Review of Accounts Receivable:*** Strata Council reviewed the Accounts Receivable and reviewed a legal opinion regarding the next step in the collection process for the outstanding amount of \$788.43 for SL050 from the Civil Resolution Tribunal default decision of October 8, 2019. A second legal opinion has been requested and will be forwarded to Council upon receipt.

Due to a clerical error, it was moved and seconded that the \$200.00 fine and \$2.14 interest assessed to SL044 for the non-payment of Strata Fees be reversed. **CARRIED.**

Owners are reminded that Strata fees are due on the 1<sup>st</sup> of each month. The Council thanks all Owners who have made their monthly Strata fee payments in full and on time each month.

2. ***Report on Unapproved Expenditures:*** The *Strata Property Act* requires that all Owners be notified as soon as possible of unapproved expenditures. There are no unapproved expenditures to report.
3. ***Monthly Statements:*** After a review, it was moved and seconded to approve the financial statements for January, February and March 2020. **CARRIED.**

It was moved and seconded that the year end Operating Surplus \$51,684.04 be transferred to the Contingency Reserve Fund. **CARRIED.**

Council noted an Interim Budget deficit of -\$3,229.15 and directed the Strata Manager to follow up with the Strata Property Accountant for options to resolve it.

The Strata Manager was also directed to follow up regarding the \$13,000.00 Reserve Transfer and will advise the Council what it means and how this amount reflects the Financial Statement.

Owners wishing to view the most recent financial statement are encouraged to log onto **FSRConnect™**. The financial statement can be viewed by logging into your account, clicking on “Forms and Documents”, then “Financial Document”, and then selecting the desired file.

## **REPORT ON LITIGATION**

The *Strata Property Act* requires that all Owners be notified as soon as possible of any legal action involving the Strata Corporation:

1. **No. 18791 – BC Human Rights Tribunal**  
**Between:** Bryan Loewen (SL009) – PLAINTIFF  
**And:** The Owners Strata Plan EPS3084 - DEFENDANT

A formal apology was requested by the plaintiff and a letter was emailed to the lawyer who provided it to the plaintiff. A signed application by the plaintiff will be filed by the lawyer, the final step in the tribunal process to close the case.

2. **No. ST-2019-002013 – Civil Resolution Tribunal**  
**Between:** The Owners, Strata Plan EPS3084 – APPLICANT  
**And:** An Bing Chen (SL050) – RESPONDENT

A Default Decision and Order was issued by the Civil Resolution Tribunal on October 8, 2019 ordering the respondent to immediately pay the applicant the amount of \$938.43. Two legal opinions to collect the outstanding amount were reviewed.

3. **SCBC Action No. H190197**  
**Between:** Vancouver City Savings Credit Union  
**And:** The Owners EPS 3084 (SL079)

Vancouver City Savings Credit Union has a conduct of sale ordered for SL079 for non-payment of Strata fees. The unit has been listed for sale.

## **BUSINESS ARISING**

1. **Directives:** The Strata Manager provided a copy of the directives resulting from the Strata Council Meeting on February 3, 2020. Outstanding items are noted in the Minutes.
2. **Community Garden:** Council reviewed the legal opinion regarding the additional 3-year lease of the Community Garden. After a review of the Lease Agreement, noting that the tenant/Strata Corporation would be responsible for paying \$1.00 per year, the property taxes, the Strata Fees and any Special Levy or assessment, it was moved and seconded that the 3-year Lease Agreement beginning November 1, 2019, be approved. **CARRIED.**

The Strata Council will inquire whether City of Vancouver grants, to reduce the property taxes and other costs of maintaining the Community Garden, are available. Council is considering the purchase of the Community SL091 including the patio, Limited Common Property for the exclusive use of SL091, and requested a listing price from the Owner/Developer.

Owners and Residents note: Community Garden plots are available for \$100.00 for the 2020 season.

Gavin Gilmour left the meeting at 7:00 pm.

3. **Short-Term Accommodation Pilot Program:** Council Member, Mahbod Rahouny, had no report from the City of Vancouver short-term accommodation pilot program.

4. **Garbage & Recycling:** Waste Solutions Canada was contacted for a free assessment of the current garbage and recycling contracts. Council reviewed the letter of authorization and the Cost Savings Program Agreement. It was moved and seconded that the Waste Solutions Canada assessment be completed at no cost to the Strata. **CARRIED.**
5. **Annual Fire and Safety Inspection:** Vancouver Fire and Radius Security will be completing the Annual Fire and Safety Inspection beginning on Monday, April 27, 2020 testing the fire alarms, and April 28 and 29, 2020 testing fire safety systems in the common areas. In-suite testing of the smoke detectors will be completed after COVID-19 restrictions are lifted.
6. **Annual Window Cleaning:** Black Tie Property Services will be cleaning the windows *between 9:00 am – 4:00 pm on Wednesday, May 13, 2020.* Owners are reminded to keep the windows closed all day May 13, 2020 so that all windows can be cleaned.

The south side windows have not been cleaned in years as they are inaccessible by boom or scissor lift nor rope access due to no roof anchors. The Strata Council discussed the option of either a temporary or permanent roof anchor system to enable access and cleaning of the south side windows. It was moved and seconded that a window cleaning robot be purchased for approximately \$500.00 for use by south side Owners to clean the windows. Council member Mahbod Rahouny will purchase the robot and submit the invoice for reimbursement. **CARRIED.**

7. **Parkade and Exterior Power Washing:** Over the next two weeks, the Building Manager will power wash the parkade floors, breezeway, and exterior areas not being completed by Black Tie Property Services.
8. **Horizontal and Vertical Drains:** After a review of three quotations for the horizontal and vertical sewer drain hydro flush and augering, it was moved and seconded that the Latham's quotation, in the amount of \$3,030.00 plus GST, be approved. **CARRIED.**
9. **Leak Mitigation Options:** Council discussed leak mitigation options including the inspection of all appliance hoses and connections on hot water tanks, washing machines and dishwashers, the installation of flexible steel braided hoses on toilets, the installation of moisture sensors near the washer/dryer, dishwashers, toilets and hot water tanks and completion of the washer/dryer drain cleaning. Quotations will be obtained. Owners are reminded that the repair and maintenance of the Strata Lot including appliance hoses is the Owner's responsibility and regular maintenance is required to prevent leaks. See Water Risk Management Checklist attached.
10. **Security:** The 3-month trial period with Pyramid Security has ended. No invoices or reports have been submitted to date. Council reviewed two quotations and photos of security gates for the door in the alley to Commercial Unit 120. It was moved and seconded that the Nikls Property Services quotation, in the amount of \$5,999.00 plus GST for the installation of a security gate, be approved. **CARRIED.**

Council will consider sharing the cost of the installation of the security gate with the Commercial Unit Owner.

11. **Hastings Street Building Entrance:** The Collabor8 Building Entrance Loitering Assessment & Rectification option to install planters at the main entrance and at two commercial units has been approved by the City of Vancouver. Council requested quotations for planters, soil, plants and installation.

The COVID-19 social distancing protocols are not being followed by the people congregating in front of the main entrance causing a health and safety risk to Residents. It was moved and seconded that the email decision approving the installation of a blue security fence on Hastings Street as a temporary measure to create a 2 metre/6 feet social distance barrier as mandated by the CDC and BC Health Authority, for the initial installation cost of \$975.00 plus GST and a monthly cost of \$107.00 plus GST, be ratified. **CARRIED.**

Two quotations to remove and store the glass canopy panels were reviewed. It was moved and seconded that the Spider Holdings quotation in the amount of \$6,090.00 including GST for the temporary removal and on-site storage of the glass canopy panels be approved. **CARRIED.**

12. **Structural Report:** Reports of interior cracks affecting the windows and door frames in two units have been reported to ITC (general contractor) and the warranty provider and will be investigated, assessed and addressed following the COVID-19 restrictions.
13. **Sign Installation Request:** A sample sign drawing was submitted to the Strata Council for review by SL084. Tabled until further information is received from Commercial Owner.

#### **NEW BUSINESS**

1. **Violations by Unit Detail:** The Strata Manager reported that Bylaw violations from the last Strata Council Meeting, February 3 to April 27, 2020 have been entered into Connect and will be available for Strata Council review the first week of May 2020. President, Ian Cook, volunteered to produce the Violations by Unit Report and circulate it to all Strata Council Members for voting.
2. **Correspondence:** Strata Council reviewed all correspondence received since the last Strata Council meeting and directed the Strata Manager accordingly.
3. **Strata Lot Alteration Request:** It was moved and seconded that the Alteration Request from Strata Lot 049, for the removal of existing blinds and the installation of new 2" blinds, be approved. **CARRIED.**
4. **2020 AGM:**
  - (a) **Budget:** Due to the significant increase to the 2020 insurance renewal premiums, the Strata Council is recommending a 20% increase to Strata Fees.
  - (b) **Management Fee Increase:** After a review of the 2020-2021 Proposed Operating Budget, it was moved and seconded that the FirstService Residential BC Agency Agreement be renewed and the 5% management fee increase be approved effective from April 1, 2020. **CARRIED.**
  - (c) **Bylaws:** In an effort to prevent significant noise from music disturbing Owners and Residents from the quiet enjoyment of their Strata Lots, Council is recommending an amendment to the Strata Corporation's Bylaws that subwoofers not be allowed. The Strata Manager was directed to obtain bylaw wording for the AGM notice.
  - (d) **Bike Room Access:** Council requested quotations for the bike room door to have fob access instead of key access. Quotations will be requested.

- (e) **Depreciation Report:** As the Strata is under 5 years old and covered by the 2-5-10 year Home Warranty program, Council is recommending that the requirement of a Depreciation Report be waived this year and will consider it in next year's budget.
- (f) **5 Year Warranty Review:** The 5-year warranty review of the Building Envelope is due in January 2021. Quotations will be obtained and a Special Levy will be considered for the funding
- (g) **Meeting Venue:** COVID-19 social distancing protocol restricts the meeting of large groups and limits how the Owners can conduct the Annual General Meeting. Council is considering an electronic meeting using video conferencing for an informal Townhall to review the AGM Agenda and provide an opportunity to answer Owners' questions and a Council Member only restricted proxy Annual General Meeting. Further information will be provided to Owners in the coming weeks.

### **TERMINATION OF MEETING**

There being no further business, the meeting was terminated at 9:10 p.m.

**Next Meeting:** *Electronic Townhall Meeting: May 27, 2020;*

*Annual General Meeting: Date, time and venue to be determined.  
Tentatively scheduled for mid-June.*

**FirstService Residential BC Ltd.**



Susan Paquette  
Strata Manager  
*Per the Owners*  
Strata Plan EPS 3084

SP/jh

**Email:** [info.bc@fsresidential.com](mailto:info.bc@fsresidential.com)

**Customer Care Centre:** 1.855.273.1967 (24 hours non-emergency)

[www.fsresidential.com](http://www.fsresidential.com)

**Please keep a copy of these minutes for future reference, which will be required at the time of sale. A charge, as per the *Strata Property Act*, will be assessed for replacement copies.**

### **FSRConnect™ REGISTRATION**

To benefit from **FSRConnect™** and help your Strata save money, please contact Connect Customer Care at [connect.bc@fsresidential.com](mailto:connect.bc@fsresidential.com) to further assist you in your registration process.





# Insurance In Canada

*Impacts on your Strata Council*

*Making a difference.  
Everyday.*



**FirstService**  
RESIDENTIAL





February +, 2020

To Our Valued Clients,

The Strata Insurance industry underwent a number of changes in 2019, which led to significant increases to insurance premiums and deductibles. Some insurers left the residential insurance market, making it more difficult to secure insurance due to lower supply. The turmoil in the insurance industry is a result of an increase in catastrophic weather events, an increase in claims, lower supply with increasing demand and changes in insurance across the globe. At FirstService Residential British Columbia, we are working on solutions for our clients to address the significant changes and unfortunate increases you may face.

In partnership with FirstService Financial and BFL Canada, we have been providing the support and tools needed to navigate through the challenges and mitigate your future risk. Here are the steps we have taken:

1. We believe that an educated council is a stronger council, so we hosted two educational seminars on the changing Insurance industry this past fall and will have a webinar on insurance in the coming months.
2. We partnered with lawyers from three firms to draft a bylaw that limits homeowners' exposure to an insurance deductible should one be needed. While you should ensure that bylaws properly allow the deductible to be charged back to the responsible unit owners following a claim, we suggest you ensure the transferred burden is not so onerous that they are unable to meet their obligations following a loss. Our Strata Managers can work with you to implement the bylaw. It is crucial to remember that you need a lawyer to review your current insurance-related bylaws in case they need to be modified.
3. We are working with and supporting the Canadian Home Owners Association (CHOA) to draw government awareness and support.
4. We have been sharing information about the industry changes and subsequent impacts with you in our financial packages to help with budgeting for the changes.
5. We are reaching out to councils prior to their renewals to ensure they have the information they need to make informed decisions.
6. We are assessing our clients' risks and approaching Strata Corporations we think might have the greatest exposure or difficulty securing a renewal to offer additional support.
7. We have created the attached Water Mitigation Management Checklist, which we urge you to review and take action on so that you can reduce the chance of a claim.

Our work does not stop there. We will continue to educate you on the insurance landscape and how to navigate it, ways you can work with the Strata Corporation ownership to mitigate future risk and will be providing tools to help you do that. BFL Canada will also continue to offer complimentary loss prevention assessment inspections and reports as part of our program with them.

Please review the attached checklist and "State of the Insurance Industry" white paper and lookout for more information in the coming weeks. We will continue to your trusted partner and assist you in navigating this new challenge.

Regards,  
Chris Churchill  
President, FirstService Residential | British Columbia



# Water Risk Management Checklist

## Water Incident Response

- Council has identified members and/or unit owners/residents who are available for onsite after-hours emergency response.
- Building notice posted and provided to all residents:
  - On whom to call and what to do in the event of a water incident including local contact number for emergency response members and FirstService Residential emergency contact number.
  - Do not leave unattended, running water, dishwasher or washer.
  - To avoid the installation of or use of a garburator and utilize the strata's organic waste containers.
- Emergency response members are trained by mechanical contractor: location of shut off valves for individual unit and common area and how to shut off (See Valve Identification Plan).
- Emergency response members know location of and have access to spill response equipment.
- Emergency response members have the number of a 24 hour locksmith and are advised they are allowed by the SPA to enter a unit in the event a resident is not home, and access is required to stop a water incident.

## Spill Response Equipment (stored on grade or above grade):

- Drywall knife. **IMPORTANT:** Buildings built before 1990 must be tested for asbestos.
- Clamps (2 & 4 inch) & screw driver
- Wet / Dry Vacuum with 100-foot extension cord
- Absorbent pads
- Mops & buckets
- Squeegees
- Wet Floor warning signs
- Gloves, masks & disposal bags





### Valve Identification Plan

- Mechanical contractor to identify the valves that controls water supply to a specific area.
- Mechanical contractor to apply a standard highly visible valve identification tag & decal to identify door and/or panel to the shut off valve.
- Annual: Mechanical contractor to exercise and lubricate valves to assure proper operation.
- Mechanical contractor to instruct emergency response members and building management identification method and how to operate the various types of valves (common and individual unit type).
- Council, emergency response members or building management to visit and instruct current unit owners and/or tenant of location for shutoff to unit.
- All new residents to be instructed location of valve for unit as part of move in process.

### Individual Unit

- Water supply line to washer, dishwasher, fridge and toilet replaced with braided steel every 5 years.
- Replace shower cartridge, tub drain gasket and inspect caulking around shower/ tub every 5 years.
- Replace toilet wax seal every 10 years.
- All sprinklers heads have protective cage.
- Installation of water alarm devices by dishwasher, fridge, washer and behind toilet
- Installation of water alarm devices by hot water tank and heat pump (does not apply to all buildings).
- Heat pump/fan coil inspected annually (does not apply to all buildings) – condensate line is free of obstruction, drip pan not over flowing & filter replacement.
- Replace hot water tank at 10 years (does not apply to all buildings).
- Consideration if not already in place bylaw to restrict size of water aquariums.





## Common Area Building Systems

### Common Areas:

- Common hallways sprinklers heads to have protective cage.
- All common areas, including mechanical/electrical rooms kept clean and clutter free.

### Roof top mechanical room (does not apply to all buildings):

- Emergency response equipment stored in or near the roof top mechanical room.
- Check hot water tank is located on top of a water pan with overflow pipe running directly into floor drain.
- Check mechanical room floor water proofed up to 4-inch perimeter on wall.
- Daily check: mechanical room for any leaks from valves, pipes, pumps, hot water tank or boiler by building management. Check drains are not blocked and tested as operational
- Quarterly inspection of all equipment: pumps, boiler, hot water tank by mechanical contractor.
- Replace hot water tank at 10 years.
- No storage of items that could get wet and block drainage.

### Cooling Tower (does not apply to all buildings):

- Mechanical contractor to check strainer for debris: May, August, November.
- Mechanical contractor to check/clean nozzles for clogging.
- Mechanical contractor to inspect yearly (November), drain system and apply if required, liquid membrane for rust to cooling pan.

### HVAC (does not apply to all buildings):

- Common heat pump/fan coil inspected annually– drip pan functioning & filter replacement.

### Primary Mechanical:

- Emergency response equipment stored in or near the mechanical room.
- Annual: Shut off supply line to hose bib and open to drain (November). Same applies to any water irrigation line.
- Check hot water tank is located on top of a water pan with overflow pipe running directly into floor drain. Ensure floor drain is free and clear of debris.
- Check mechanical room floor water proofed up to 4-inch perimeter on wall.
- Daily check: mechanical room for any leaks from valves, pipes, pumps, hot water tank or boiler by building management.
- Quarterly inspection of all equipment: pumps, boiler, hot water tank by mechanical contractor included active test of sump pump.
- Replace hot water tank at 10 years.
- Inspect sump pump annually and replace after 10 years.
- Clean kitchen vertical & horizontal sanitary pipes every second year.





## Exterior Envelope

### Roof:

- Annual inspection of roof by roofing contractor. Remember to remain 6 ft. from the edge at all times.
- Annual: Flashing is secured, and caulking is bonded.
- Annual: Any blisters, cracks or tenting of membrane are repaired.
- All caulking to be replaced every seven years and roof replaced at year 20.
- Monthly: All roof drains are clear of debris and guards are in place.
- Monthly: Gutters/downpipes are clear of debris.

### Drains:

- Weekly inspection exterior drains are free of debris or snow (Fall/Winter).
- Roof drains to be cleared immediately following a snow fall.
- Any parkade drainage lines that are susceptible to freezing to ensure any missing insulation or winterization is done.

### Windows/Doors:

- Caulking evaluated and replaced year seven.

### Exterior Detailing:

- Caulking evaluated and replaced year seven.





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# STATE OF THE INSURANCE INDUSTRY:

## *What Council Members Need to Know*

As a whole, the Canadian property & casualty insurance market has changed rapidly and dramatically over the last year following years of challenges, largely attributable to a flurry of severe weather events. When we look back over the last couple of years, certain memories spring to mind: floods in Southern Alberta (2013) and the Fort McMurray wildfires (2016) to provide two examples. However, the industry continues to decline. In 2018, the property and casualty industry paid out more in claims and expenses than it received in premiums, resulting in the largest loss in the last decade. Unlike past years, no single catastrophe in 2018 caused the high amount paid out for losses. Rather, a host of smaller severe events led to this decline.

As a result, the insurance market is now in a hardening state. Specifically, as one of the worst performing sectors in the insurance industry, Strata and Condominium Corporations are experiencing a significant realignment in underwriting philosophy from insurance

companies. In the last year, the most significant challenge facing this sector is the lack of available property insurance capacity as many insurers have stopped insuring this class of business altogether, or alternatively have restricted their involvement. In an effort to ensure the long-term insurability of this class, insurance companies that remain in the Strata/Condo market are taking a more stringent and more risk averse approach to the terms they will provide, namely by refining their underwriting 'appetite', reducing their participation on a given policy, along with significantly increasing their rates and minimum required deductibles, all in order to reduce their exposure to risk.

Council members and unit owners should understand the factors influencing the insurance marketplace and how their Strata Corporation might be impacted at the next policy renewal.



# Factors Influencing the Rising Costs of Property Premiums:

## Insured Value Increases:

Strata Corporations are required to be insured to full replacement value. Due to higher costs for supplies and an increase to labour wages, the typical replacement value in our portfolio has increased between 7-12%.

Strata Corporations should expect an increase solely due to the higher value being insured. Property insurance is priced based on a cost of \$100 of coverage, so if the replacement value increases, so does the premium.

## Climate Change

Climate change is a reality and its cost to Canadians is increasing. In Canada, we see the impacts of climate change mainly in severity and intensity of extreme weather events. Thirty years ago, insured losses for extreme weather events averaged \$400 million per year, whereas now the Insurance Bureau of Canada reports an average \$1 billion per year.

## Claims on the Rise

In 2018, insured losses from severe weather events across Canada totalled a staggering \$1.9 billion and more than half of every dollar collected in premiums is paid out in claims. As the Insurance Bureau of Canada notes:

“widespread natural disasters signal that we have now entered an era of increased threat to property. We’re facing periods of droughts, leading to more forest fires. We’re experiencing more storms, major hurricanes and extreme rainfalls leading to more frequent and intense flooding”. Property claims as a percentage of total claims has risen significantly in Canada over the last decade and is expected to continue.

## Global Community

For the most part, insurance companies involved in the Canadian Strata market are global insurers and exposed to global reinsurance rates. Therefore, large insurable losses globally - such as the recent fires in Australia - will impact rates across Canada, as the insurers on risk for your Strata Corporation also need to buy insurance.

Property claims have risen significantly in Canada over the last decade and is expected to continue.



### Low Supply/High Demand

In recent years, buildings located in coastal regions have experienced a lower level of participation from Strata insurers because of the risk of a major earthquake. Now, even fewer insurance companies are agreeing to insure property for Strata Corporations because of the overall claims experience, yet the demand continues to increase.

More buildings are being constructed, many of which are larger and more complex than ever before. Most, if not all buildings, are experiencing increased replacement cost values, requiring even more capacity from insurance companies. However, remaining insurers are restricting their capacity for the Strata class which is creating less insurance supply, leading to increased premiums when combined with high demand.

### Strata/Condos with a 'high risk' profile

The insurance market is fluid and, as companies refine their risk appetite, available capacity shifts. The following exposures currently present unique challenges and are considered to have a high-risk profile:

- » Wood frame buildings, especially non-sprinklered
- » Buildings in high hazard zones
- » Older buildings with no updates (roofs, piping, heating, electrical)
- » Properties with high values
- » Properties with poor loss records





# The Bottom Line

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**Insurance rates are going to increase to improve performance and attract insurers into the strata/condo insurance market.**

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- » Insurance rates are going to increase to improve performance and attract insurers into the strata/condo insurance market. We are seeing restrictive underwriting from all insurance companies, regardless the Corporation's broker.
- » Although all Strata's are seeing increases, those with a high-risk profile including frequent or severe claims will see an even higher rating increase and higher deductibles, regardless of whether the most recent claim occurred during the last insurance term, as insurers have new minimum requirements.
- » Obtaining multiple quotes are very difficult in this market; brokers share from the same pool of insurance companies. Insurers are much quicker to decline to quote if the Corporation has any perceived risk factors (e.g., frequent losses).
- » Expect more attention to detail on specific claims and more questions regarding what steps have been taken to prevent similar claims in the future.





# What does it mean for Unit Owners?

## Deductibles:

If your Strata Corporation's bylaws allows a deductible to be charged back to a unit, then this should be clearly outlined as a warning to the unit owners. Unit owners should understand the importance of protecting themselves against deductibles that may be assessed against them for any losses that they are deemed responsible for.

Most insurers will offer homeowners coverage if a deductible is charged back to the unit owner. However, not all policies are created equal and until recently most policies cover \$100,000 or less. Owners need to review their unit owner policies to protect themselves against such losses. We recommend that all unit owners contact their insurance provider and advise of the aforementioned changes to ensure they are fully covered and have adequate personal insurance for their unit.

## Mortgages:

If the value of a unit is close to the deductible amount, then a mortgagee may decide to not place a mortgage. For example, if a unit is worth \$500,000 and the owner has an owner's insurance policy that pays up to \$100,000 and damage causes a loss exceeded \$500,000, the owners insurance would pay the \$100,000 and the unit owner would be responsible for the remaining \$400,000. If the owner already had a mortgage of 90% of the property value (\$450,000), and they were being asked to pay an additional \$400,000, they might just walk away from their investment. The mortgagee may then find itself in possession of the unit. How soon before the mortgage companies start seeing this type of risk and then potentially refusing to provide a mortgage?

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**These insurance changes can have a significant impact on strata fees or require a special assessment if the Strata Corporation experiences a loss and may have an adverse effect on sales.**

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# FirstService Residential's Role:



We've always believed that an educated council is a stronger council, that's why we host regular council training events on the most relevant topics. In the fall of 2019, we hosted two educational events focused on the changing landscape of the strata insurance industry open to any strata council member, regardless of whether we manage their community. Stay tuned for news about our upcoming events along with quarterly updates in the monthly financials that will help councils budget for 2020.

Council members from the communities we manage receive information on the insurance changes as part of their financial packages. Prior to policy renewal, we are actively reaching out to councils with market updates from all applicable strata brokers in BC.

We are also communicating directly with any Strata Corporation we feel may be potentially challenging to find coverage for or may have the greatest risk exposure.

As part of our commitment to enhancing the lifestyle of the over 120,000 residents in the communities we serve in the Metro Vancouver area, we partnered with lawyers from three firms to draft a bylaw that limits homeowner's exposure to a deductible chargeback if the Strata Ownership chooses this option. While care should be taken to ensure that bylaws properly allow the deductible to be charged

back to the responsible unit owners following a claim, we suggest that care be taken to ensure the transferred burden on unit owners is not so onerous that they are unable to meet their obligations following a loss. This bylaw does two things:

1. Ensures the corporation has the ability to chargeback a deductible to a responsible owner
2. Limits the maximum deductible assessment to an amount that is available from personal lines insurers.

In addition to educating boards and drafting bylaws, our team is taking an active role in helping our managed communities mitigate risk. We continue to offer complimentary loss prevention assessment inspections and reports and provide checklists to help councils reduce the risk of a large claim. We are also currently working with Condominium Owner's Association of BC (CHOA) to help get support from the government.

# Tips to Mitigate Rising Insurance Costs:

- » Regular maintenance and building updates to keep your property in the best shape possible (e.g., plumbing, electrical, heating, and roof).
- » Education: Distribute educational materials to owners and residents to help prevent losses. Please contact the FirstService Financial insurance department if you require copies.
- » Risk Management: Mitigate losses before they happen. Both frequency and severity of losses can be influenced with actions taken before a loss ever occurs.

## Mitigate Water losses by:

- » Distributing emergency restoration numbers to unit owners.
- » Know the location of and label water shut off valves in each unit. Remember, water shut off valves are often under metal plates. The screws on these plates can be loosened so the plate is easy to remove if there is a leak.
- » Use braided hoses instead of plastic ones. Typically, braided hoses need to be replaced every 5-7 years.
- » Place a water leak detection sensor around toilets and appliances.
- » Install sprinkler cages over sprinkler heads.

## Mitigate Fire losses by:

- » Never leave a lit candle unattended.
- » Prevent kitchen fires (the majority of residential fires start in the kitchen):
  - Put lids on pans to smother flames.
  - Never throw water on a grease fire.
  - Keep a fire extinguisher close by.
- » Ensure flammables are contained; only keep necessary amounts on site.
- » Install a fire suppression system in units without sprinklers.
- » Keep a fire extinguisher on or near every balcony that has a grill.
- » Dispose of cigarettes only in designated areas or ashtrays.



**FirstService**  
RESIDENTIAL

### **About FirstService Residential**

FirstService Residential is North America’s property management leader, partnering with 8,500 communities across the U.S. and Canada. HOAs, community associations, condos and strata corporations rely on our extensive experience, resources and local expertise to maximize their property values and enhance their residents’ lifestyles. Dedicated to making a difference, every day, we go above and beyond to deliver exceptional service. FirstService Residential is a subsidiary of FirstService Corporation (FSV), a North American leader in the property services sector. Find out how we can help your community thrive. Visit [www.fsresidential.com](http://www.fsresidential.com) today!

