

Tips to Manage Your Strata/Condominium Corporation's Insurance Policy

In today's economic climate, some strata/condominium corporations face challenges in both finding and maintaining affordable insurance for their properties. While most corporations typically excel in how they deal with their residents and in other administrative aspects of property management, sometimes they need additional guidance in understanding the ins and outs of their insurance policy.

Below are some helpful tips that strata/condominium corporations should consider to secure and maintain an insurance policy for their property.

GET THE RIGHT GUIDANCE WHEN LOOKING FOR AN INSURANCE POLICY

1

Consider using the services of an insurance professional.

In their search for an insurance policy, strata/condo corporations can often benefit by getting guidance from an experienced insurance professional. Brokers and agents are best suited to guide organizations through the process of securing insurance and ensuring they have the right policy for their circumstances.

2

Pick the right insurance professional for your condo corporation.

Look for a combination of education and experience. Consider the background of a potential broker or agent, as well as the capability of the company or companies they represent. Pre-qualify your broker or agent with a conversation about their credentials—ask a lot of questions about their education, commercial insurance experience and their organization's capabilities.

3

Specialized experience matters.

Your broker or agent should understand the complexities of the strata/condo act in the province where they operate and understand the unique risks that a strata/condominium corporation faces when it insures the building compared to unit owners insure the inside of their individual units.

A good rule of thumb is that a broker or agent should have at least five years' experience working in commercial insurance and approximately two years as a strata/condo corporation specialist. The right broker or agent should have a licence (mandatory for all practicing insurance brokers and agents) and a combination of education designations such as:

- Canadian Accredited Insurance Broker (CAIB) – first level for an insurance broker
- Canadian Certified Insurance Broker (CCIB) – top level for an insurance broker

- Chartered Insurance Professional (CIP) – first level for an insurance professional
- Fellow, Chartered Insurance Professional (FCIP) – top level for an insurance professional
- Canadian Risk Management (CRM) designation – first level for a risk manager
- Certified Risk Management Professional (RIMS-CRMP) – top level for a risk manager
- Associate of the Canadian Condominium Institute (ACCI)

MAINTAIN YOUR PROPERTY AND YOUR POLICY

Many organizations pick a great broker or agent to help them find insurance, or find the right policy for their property on their own, but then don't have a plan to ensure they do what's needed to maintain their policy.

Here are a few tips for strata/condominium corporations to consider once they've secured or renewed an insurance policy.

1 Make risk management a priority.

Finding the right policy is just the start. Insurance is about risk, and the board of your condo or strata will need to act like risk managers in caring for the property and managing its insurance. When in doubt, hire a risk management consultant to help identify potential risks respecting the property. It can save money in the long run.

2 Appoint a senior strata/condo board member to manage the insurance policy and all insurance-related issues.

The condo corporation can determine internally who gets picked to manage the insurance, but it makes the most sense that a senior member of the strata/condominium board (particularly the chair or treasurer) be designated as responsible for managing the property's policy.

In many cases, a corporation will designate the property manager to monitor the insurance; however, a senior member of the board is often the better choice. The chair or treasurer will have a handle on the property's finances and whether damage should be paid for out of the building's reserve fund or if the policy should be called upon to respond.

3 Don't use insurance to address common maintenance repairs.

A well-maintained property will have significantly lower insurance premiums. In some cases, condo corporations have submitted many small claims to their insurers within a relatively short period of time, and this elevated use of their policy has resulted in increased insurance premiums at the time of renewal.

In these cases, the corporation essentially used their insurance company as a repair contractor. While it may appear to be cheaper in the short term, it may cost the corporation more in the long term, through significantly higher premiums.