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BRITISH  
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# ALBERTA

NOVA SCOTIA

## PART TWO:

**Basic Claim Process**

**Excluded Perils**

**How to be Prepared**

**Claim Examples**



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# BASIC CLAIM PROCESS



Loss Occurs

**IN CASE OF EMERGENCY**



Immediate action is taken to mitigate further loss or injury

Water is shut down, 911 is called, fire alarm is pulled, etc.

Preservation of Evidence

Subrogation



Unit Owner contacts Resident/Property Manager, and personal insurance broker (if applicable)



# BASIC CLAIM PROCESS



Property Manager calls in contractors and service providers



Emergency work is performed



Adjusters and Broker are notified/appointed to the loss



Adjuster will work in concert with the property manager, unit owners and the insurer to determine course of action and applicable deductible



# BASIC CLAIM PROCESS



Contractors are appointed/approved and restoration work is performed



Adjuster quantifies loss, submits the proof the loss and final report to insurer for payment



The corporation is responsible for the deductible and any subsequent assessment to an offending unit owner



# TWO IMPORTANT QUESTIONS:



**1** IS IT THE CORPORATION'S RESPONSIBILITY TO INSURE?

Refer to your By-laws



# SAMPLE BY-LAW

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~~damage the Board shall convene an extraordinary meeting and give at least ten (10) days' notice by registered mail to all registered first mortgagees;~~

Unless there has been substantial damage and the Owners by Special Resolution resolve not to proceed with repair or restoration within one hundred (100) days after the damage or destruction, the Board shall arrange for prompt repair and restoration using proceeds of insurance for that purpose. The Board shall cause the proceeds of all insurance policies to be disbursed to the contractors engaged in such repair and restoration in appropriate progress payments. Any costs of such repairs and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board may assess all the Unit Owners for such deficiency as part of the Common Expenses;

Where there has been substantial damage and the Owners resolve by Special Resolution within one hundred (100) days after the damage or destruction not to repair, the Board shall on behalf of the Owners make application to terminate the condominium status of the Parcel in accordance with the provisions of the Act, and each of the Owners shall be deemed to consent to such application. Upon termination of the condominium status:

- (i) any liens or charges affecting any of the Units shall be deemed to be transferred in accordance with their existing priorities to the interests of the respective Owners in the Parcel; and
  - (ii) the proceeds of insurance shall be paid to the Owners and mortgagees, as their respective interests may appear, in proportion to their respective interests in the Parcel.
- (b) No Owner shall be entitled to claim any compensation from the Corporation for any loss or damage to the property or person of the Owner arising from any defect or want of repair of the Common Property or any part thereof, unless such loss or damage is covered by the insurance held or required to be held by the Corporation pursuant to the Act or these By-laws, whichever is the greater;
- (c) Where the Corporation is required to enter a Unit or the Building on a Unit for the purpose of maintaining, repairing or renewing pipes, wires, cables and ducts for the time being existing in the Unit and capable of being used in connection with the enjoyment of any other Unit or the Common Property, the Corporation and its servants, employees and agents shall in carrying out any work or repairs do so in a proper and workmanlike manner and shall make good any damage to the Unit occasioned by such work and restore the Unit to its former condition, leaving the Unit clean and free from debris;
- (d) An Owner shall indemnify and save harmless the Corporation from the expenses of any maintenance, repair or replacement rendered necessary to the Common Property or to any Unit by his act or omission or by that of any member of his family or his or their guests, servants, agents, invitees, licensees or tenants, but only to the extent that such expense is not met by the proceeds of insurance carried by the Corporation.

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## 46 - INSURANCE

- (a) The Board, on behalf of the Corporation, shall obtain and maintain to the extent obtainable, the following insurance:

Insurance on all of the Units including the Building, bathroom and kitchen fixtures initially installed therein (excluding furnishings, fixtures and any property brought into or installed in Units by Unit Owners, current or predecessor) and all the insurable Common Property, and all insurable property both real and personal of any nature whatsoever of the Corporation, and without limiting the generality of the foregoing, such insurance shall provide and include the following:

- (i) fire insurance with extended coverage endorsement insuring all the insurable Common Property, and all insurable property both real and personal of any nature whatsoever of the Corporation and all of the Units including all improvements and betterments made to the Units by the Developer (but not including furniture or other personal property of the Unit Owners) for the full replacement cost thereof, without deduction for depreciation, and covering the interests of and naming as insureds all Owners from time to time and also naming as insureds their mortgagees (if such mortgagees have given written notice of their interest to the Corporation) and the Corporation, as their respective interests may appear. Each policy shall provide that the proceeds on loss are paid to the Corporation.
- (ii) adequate coverage for boiler insurance if any boilers or pressure vessels exist;
- (iii) such other insurance and coverage for such other risks or causes as the Board may determine or as may be determined by special resolution;
- (iv) that no breach of any condition of any policy by any Owner or by the Corporation shall invalidate the insurance or forfeit the insurance;
- (v) that any co-insurance clause shall be on a stated amount basis (and not on any other basis) and only in such a fashion as to not diminish the amount of any claim settlement;
- (vi) that the insurers' rights of recovery against the Corporation and the members of the Board of Managers are waived and that the insurers' rights of recovery against any Owner (and if residents of an Owner's household, his spouse, the relatives of either and any other person in the care of an Owner or his spouse or any guests or occupants of a Unit) are waived, except with respect to arson, fraud and vehicle impact;
- (vii) such policies may not be cancelled or substantially modified without at least thirty (30) days prior written notice to all of the insureds including all registered Mortgagees of Units;
- (viii) such policies shall also provide that the Corporation shall have the right at its sole option a cash settlement (without deduction or depreciation) in

Rogers

# SAMPLE BY-LAW

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the event of substantial damage to the property insured and the determination by special resolution of the Corporation or by order of a Court of Law having jurisdiction in that behalf to settle a scheme or to terminate the condominium status of the building, and the insurers' option to reconstruct the damaged premises shall be deleted or waived;

Prior to obtaining any policy of fire insurance or renewal thereof the Board shall obtain an appraisal (or appraisal update) from a qualified and reputable appraiser of real property, of the full replacement value of all of the Buildings, including all of the Units, Common Property, and all of the property required to be insured by the Corporation, and the Board shall maintain insurance at the levels required by the Act, the Regulations to the Act, and these By-laws and suggested by the said appraisals, provided that failure to obtain a prior or any appraisal shall not invalidate or affect any insurance placed by the Corporation.

Notwithstanding the foregoing, an Owner may carry insurance on his Unit provided that the liability of the insurers providing the insurance of the Corporation shall not be affected or diminished by reason of insurance carried by an Owner.

Nothing in these By-laws shall restrict the right of Owners to obtain and maintain insurance of any kind in respect of the ownership or use or occupation of their Units and their personal liability as permitted by the Act or as otherwise permitted by law.

In no event shall the insurance coverage obtained and maintained by the Corporation be brought into contribution with insurance purchased by Owners or their Mortgagees.

- (b) In the event that a claim is made under any policy of insurance maintained by the Corporation and the cause of the loss for which the claim is made is due to an act or omission of an Owner, occupier or tenant of an Owner or member of their families or of guests, invitees or licensees of such Owner, then the Owner shall immediately reimburse the Corporation for any insurance deductible paid by the Corporation with respect to any loss for which claim is made. The deductible is recoverable by the Corporation as a contribution against all other costs, charges and liabilities arising out of any loss that may be sustained or incurred by the Corporation.
- (c) In the event that a claim is made under any policy of insurance maintained by the Corporation and the cause of the loss for which the claim is made is due to an act or omission of the Corporation, its officers, the Board of Managers or its members or the employees or agents of any of the foregoing, the Corporation shall bear any deductible with respect to the loss for which the claim is made. The onus of proof of cause or neglect shall be upon the Owner.
- (d) The Board shall also obtain and maintain public liability insurance insuring the Corporation, the Board and the Owners against their liability for bodily injury, death and damage to property, to third parties or to the Owners and their invitees, licensees or tenants, incidental to the control, management and administration of the Corporation's real and personal property and the Common Property. Limits of liability under such insurance shall not be less than Two

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Million (\$2,000,000.00) Dollars inclusive per occurrence for bodily injury, death and damage to property including loss of use thereof. All policies of insurance shall include as insureds the Corporation, the Board and the members of the Board while acting within the scope of their duties as such, and any Owners while acting on behalf of the Board. Such liability insurance shall contain a cross liability clause whereby the insurance indemnifies each insured as if a separate policy had been issued to each, subject to the limit of insurance indemnity otherwise applicable not being affected.

- (e) The Board shall review the insurance coverage at least annually and shall increase insurance at its discretion.

#### 47. - ASSESSMENTS FOR COMMON EXPENSES AND BUDGETS

- (a) The Common Expenses of the Corporation shall be paid by the Unit Owners in proportion to the Unit Factors for their respective Units once a residential building has been constructed and is ready for occupancy and, without limiting the generality hereof, include the following:
  - (ix) All levies or charges on account of garbage removal, electricity, water, gas and fuel services and television antenna or cable services supplied to the Corporation for the project and for the benefit of all Owners and not charged directly to any one Owner either by meter or otherwise;
  - (x) Management fees, wages, salaries, taxes and other expenses payable to or on account of employees or independent contractors of the Corporation;
  - (xi) All the charges on account of cleaning or sweeping of the parking area, lawn maintenance and landscaping and for ice, snow and debris removal from Common Property or the Unit and all charges on account of maintenance and repairs of the Common Property not designated as an Exclusive Use Area;
  - (xii) All charges on account of exterior lighting fixtures situated on Common Property charged by the Corporation;
  - (xiii) All charges on account of maintenance for those portions of a Unit for which the Corporation is responsible under these By-laws or the Restrictive Covenant Agreement;
  - (xiv) All charges on account of maintenance for Common Property for which the Corporation is responsible under these By-laws or the Restrictive Covenant Agreement;
  - (xv) All costs of furnishings and equipment for use in and about the Common Property, or related amenities including the repair, maintenance or replacement thereof;
  - (xvi) All insurance costs in respect of the insurance for which the Corporation is responsible under these By-laws and/or the Act;



# TWO IMPORTANT QUESTIONS:



**2** IS IT A COVERED PERIL?



# EXAMPLE OF EXCLUDED PERIL

## WATER CLAIMS STANDARD EXCLUSION:

- By seepage, leakage or influx of water derived from natural sources through basement walls, doors, windows or other openings therein, foundations, basement floors, sidewalks, sidewalk lights, unless concurrently and directly caused by a peril not otherwise excluded
- By the entrance of rain, sleet or snow through doors, windows, skylights other similar wall or roof openings unless through an aperture concurrently and directly caused by a peril not otherwise excluded



# OTHER EXAMPLES OF EXCLUDED PERILS

- Wear and tear
- Rust or corrosion
- Loss of Use or Occupancy
- Pollution
- War/Terrorism
- Mold
- Asbestos



# BE PREPARED

## HAVE NECESSARY PRELIMINARY PAPERWORK READY:

- By-laws
- Current Appraisal (updated at least every 3 years)
- Contact Information



This assists the adjuster and speeds up the entire claim process.



# FORM CIRCULATED TO PROPERTY MANAGERS

WHAT YOU NEED TO KNOW IN ORDER  
TO SUBMIT A CLAIM FOR LOCATIONS INSURED WITH:



**ROGERS**  
INSURANCE LTD.

<p><b><u>WHEN DID THE LOSS HAPPEN?</u></b> Must be a specific date</p>	Date of Loss:
<p><b><u>WHERE DID THE LOSS OCCUR?</u></b> This includes the condominium name/plan &amp; unit #.</p>	Location of loss:
<p><b><u>WHAT HAPPENED?</u></b> Please give exact location and description: eg: Unit # - Bathroom, toilet tank cracked. Damage to flooring, wall and unit below.</p>	Details of loss:
<p><b><u>WHO DO WE CONTACT?</u></b> In order to process the claim efficiently, we require the name and contact information of the person the adjuster should contact: - The Property Manager or On Site Manager. - The unit owner in order to gain access</p>	Property Manager:  Resident Manager:  Unit Owner:
<p><b><u>WHO HAS ATTENDED?</u></b> Example: Onside, Titan etc.</p>	

**Contact:**

**Wendy Wildeman**  
Bus: (403) 717-4991  
Fax: (403) 296-2439  
Toll Free: 1-800-565-8132  
Email: [wwildeman@rogersinsurance.ca](mailto:wwildeman@rogersinsurance.ca)

**ROGERS INSURANCE LTD.**  
Suite 600, 1000 Centre Street North  
Calgary, AB T2E 7W6



# ACTUAL WATER CLAIM - TOWN HOUSE

## INCIDENT:

Heavy rain caused storm sewers to back up. Water entered project damaging 7 units total.

## HOW POLICIES RESPONDED:

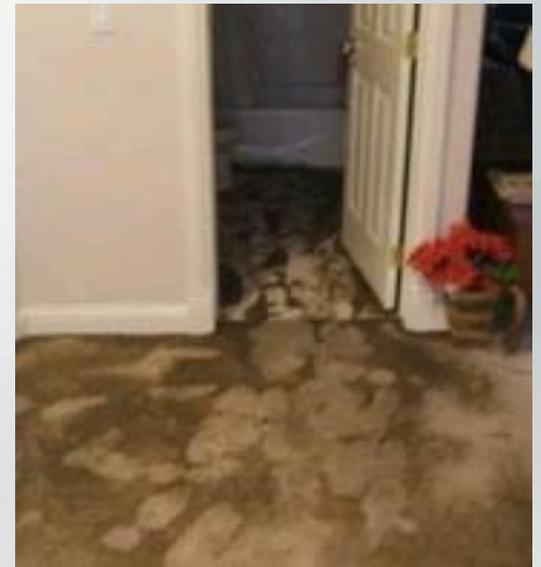
- Corporation by-laws EXCLUDED any improvements or betterments made to the units.
- Corporation policy paid to repair/replace carpets, flooring, drywall, etc. up to the original builders Grade installation.
- Unit owners dealt with their personal insurance for damage to personal Contents and/or the additional costs to replace the upgraded items.

## TOTAL COST TO REPAIR:

\$312,929 paid in full by corporation's insurer (less deductible).

Unknown what was paid by the unit owner's insurer.

**APPROVED**



# ACTUAL WATER CLAIM - TOWN HOUSE

## INCIDENT:

Unit owner reported water damage to the basement of their unit. Upon further investigation it was determined that damage was as a result of continuous leakage and seepage through basement wall.

## HOW POLICIES RESPONDED:

- Claim was denied by both corporation's and unit owner's insurers.
- Standard Unit By-law made the unit owner responsible for all improvements to the basement.
- Both policies contain the standard "seepage" exclusion.

## TOTAL COST TO REPAIR:

\$11,000 to repair improvements – paid by unit owner

\$1,000 to correct the seepage problem – paid by the corporation

**DENIED**



# ACTUAL WATER CLAIM - TOWN HOUSE

## INCIDENT:

Unit owner sustained extensive damage to lower level when water and sand entered basement through a window.

## HOW POLICIES RESPONDED:

- Claim originally denied as water entered unit through window (refer to perils excluded).
- Upon closer investigation, successfully proved this to be a covered peril.
- Construction debris clogged storm sewer sending wave of mud, water and sand through window of lower level. Force of water actually pushed window out of frame.
- Finishing to lower level was part of standard unit, corporation's policy responded to repair window.

## TOTAL COST TO REPAIR:

\$33,395 paid in full by corporation's insurer.

\$22,000 paid by unit owner's insurer.

~~DENIED~~

APPROVED



# ACTUAL WATER CLAIM – HIGH RISE

## INCIDENT:

Several unit owners reported water damage to units. Discovered that an owner on the top floor recently replaced kitchen sink and taps HIMSELF. Drain was not properly reconnected. After running dishwasher, water escaped into 5 units below.

## HOW POLICIES RESPONDED:

Regardless of the negligent plumbing work of unit owner, damage was covered by corporation's insurance policy.

## TOTAL COST TO REPAIR:

\$23, 240 paid in full by corporation's insurer.

**APPROVED**



# ACTUAL WATER CLAIM – HIGH RISE

## INCIDENT:

Lobby ceiling collapses as a result of water running down from an unknown source. Unit owner on an upper floor was oblivious that his toilet tank had cracked. Water from toilet ran for entire day while unit owner was out.

## HOW POLICIES RESPONDED:

- Damage to building was covered by corporation's insurance policy.
- Damage to personal property was covered by personal policies carried by unit owners affected by water damage.

## TOTAL COST TO REPAIR:

\$87,703 paid in full by corporation's insurer.

NOTE: Similar water damage losses occurred previous to years of \$4,698 and \$6450.

**APPROVED**



# COMING SOON...

So now that we've covered basic terminology of Condo Insurance and your responsibilities as members of the Board of Directors for your corporation back in March and what happens when you need to make a claim, we hope you join us one more time.

## **PART THREE:** How to Manage Your Risk and Mitigate Losses

May 11, 2015

- Prevention
- Importance of Contracts
- Keeping Insurance Costs Low

*Later this summer, a free, downloadable E-Guide will be available covering all three events.*



# QUESTIONS

If you have not done so already, please type your questions in the area provided on your screen where it says “TYPE MESSAGE HERE.”

We will address as many questions submitted as possible and follow up personally with those we are not able to discuss this evening.



# NEXT STEPS

**How to access the recording of this presentation:**

In addition to receiving an email with a link to the recording, you will be able to access it on our website within the next week:

[www.larlyn.com/Client-Learning](http://www.larlyn.com/Client-Learning)



# NEXT STEPS

## Who to contact for further questions:

- Your Property Manager and Regional Manager are both valuable resources on your Customer Service Team who are always available to answer your questions.
- If you would like to reach me, you can do so by email:

[wwildeman@rogersinsurance.ca](mailto:wwildeman@rogersinsurance.ca)



# NEXT STEPS

*Additional “Learn With Larlyn” Opportunities:*

*[www.larlyn.com/Client-Learning](http://www.larlyn.com/Client-Learning)*

## **PREVIOUS WEBINARS:**

Condo Insurance 101 (Part One)

How to Read Your Condo Financial Statements

Condo Budgeting

## **E-BOOKS:**

Role of the Board of Director

Role of the Property Manager

And more!

123’s of Condo Insurance Financials

A House is A System



**Thank You for joining us**



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