

DEDUCTIBLE CHARGE BACKS IN STRATA CLAIMS

Section 158 of the Strata Property Act clearly states that “an insurance deductible in respect of a claim on the strata corporation’s insurance policy is a common expense”. Simply put, the corporation is to pay the strata deductible when a claim is made on the strata insurance policy.

However, the same Section of the Act also allows the corporation to recover this deductible from the unit owner “responsible for the loss or damage”.

Fortunately for strata unit owners, most personal insurance policies include coverage for a deductible charge back by the strata corporation.

Some key elements are as follows:

- A unit owner need not be liable for the loss or damage, but merely “responsible”, which has much wider implications.
- The personal insurance policy needs to have adequate coverage for the entire amount of the strata deductible. Some strata corporations are saddled with higher deductibles; unit owners need to be aware of the worst case scenario and make sure their personal insurance policy has sufficient coverage included.
- Strata by-laws vary from one corporation to the next. Strata councils and unit owners need to familiarize themselves with the pertinent by-laws and help avoid unpleasant situations or unnecessary complications after a loss or damage.
- Unit owners without personal insurance or with inadequate personal insurance become personally responsible for the strata corporation’s deductible, which can be a significant amount.

Fortunately, the Strata Property Act does not leave the corporation any choice when it comes to getting basic insurance coverage: the corporation “must obtain and maintain property insurance”. This means all unit owners benefit from the coverage afforded by the strata insurance policy.

But the corporation’s policy is not intended to insure personal loss or damage sustained by unit owners or tenants. It is entirely up to individual unit owners and tenants to ensure their personal interests are well protected.