

REBOUND

PREVENTION. PREPAREDNESS. RESPONSE. RECOVERY.

What you need to know to...
prevent loss from

- **Water**
- **House fires and wildfires**
- **Earthquake**

and how to

- **Protect your strata property**
- and
- **Be ready**
- **Recover quickly**





Throughout B.C., insurance brokers are close by and ready to serve, providing choice, advice and claims advocacy to protect families and businesses. We know our customers, our communities and our business. We know the risks British Columbians face and how to mitigate losses and recover quickly. We're not just at the end of the phone. We're at the end of the block. We're always right there.

Hope for the best. Plan for the worst.

Take a little time now to think about the things you can do to prevent or minimize a loss, and for those unforeseen events, what will make recovery faster and easier afterward. We'll all be stronger for it.



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REBOUND

Our expertise. Your resilience.

Rebound is a publication of the Insurance Brokers Association of British Columbia. Our goal is to provide timely information for customers of B.C.'s property and casualty insurance brokers so that they can prevent losses where possible, and recover quickly. We believe that the best way to manage risk is to purchase insurance through an insurance broker.

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IT SEEMS TO RUN COUNTER to our constantly “new and improved” world that the risk of water damage just keeps getting worse. In fact, it’s being said that “water is the new fire” because fire damage used to be the peril that worried property owners the most. Flooding is now the costliest hazard in terms of urban property damage, surpassing fire and theft as the main source of property insurance claims.

Why can’t we get a better handle on water damage? Part of the answer, depending on your location, may be...

- Changing weather patterns are leading to more extreme snowmelt and rainfall. Flooding is the most frequently occurring natural hazard in Canada. About 20% of Canadian households are at a high risk of flooding. Municipalities and regional districts are coming to terms with the impacts of climate change, and are reviewing their flood-control systems and changing their bylaws and policies as to where development can occur.
- We’re paving over more ground in populated areas; instead of soaking into the ground, water courses through stormwater systems, sometimes exceeding their capacity.
- Aging infrastructure – water and sewer pipes are, in some cases, more than a century old, or are no longer adequate for the increased neighbourhood density. Urban planners are applying new science and techniques to handle drainage, but retrofitting older systems is expensive.

When water escapes from pipes or enters the home from outside – such as when rivers or storm drains overflow – it spreads and soaks every accessible nook and cranny. Once it starts, water damage is difficult to curtail, costly to repair, and the longer your contents are wet, the more likely that mould and bacteria will result.

The frequency and cost of insurance claims from in-home water escape have increased in recent years because there are more things to go wrong – dishwashers, water-dispensing refrigerators,



in-suite washing machines, multiple bathrooms. In addition, finished basements, laminate floors and high-end finishes add to the cost of repairing water damage. The increased density in many communities means that water escape from one dwelling unit can often affect neighbouring properties.

What water-damage insurance covers

- Sudden and accidental bursting of plumbing pipes and appliances is covered by all home insurance policies. However, damage may not be covered when freezing causes the escape of water.
- Water damage from, for example, a burst pipe is covered under a homeowners' policy. Water that backs up through sewers is covered if you purchased an optional sewer backup endorsement. Speak to your insurance broker to understand your options and coverage limits.
- Water damage in a basement due to a sewer backup is only covered if specific sewer backup coverage has been purchased.
- Coverage for overland flood damage is now available as an add-on to the basic policy (as long as sewer backup coverage has also been purchased) for the majority of homes in B.C.

Prevent water damage

- Store valuable items in upper floors of your home, away from the basement. Don't store hazardous materials like paint, oil and cleaning supplies in the basement. In the event of basement flood, they can leak and create an environmental hazard.
- Use water-resistant building materials and storage containers below ground level.
- Install a sump pump with back-up battery power, and backflow valves for drains, toilets and other basement sewer connections. Consider installing electronic sensor devices that will alert you when a leak occurs and will automatically turn off your water.
- Install flood-pans under hot-water heaters and washing machines.
- Ensure proper lot grading. If possible, build up the ground around your home to allow water to drain away from your basement walls.
- Check sidewalks, patios, decks and

driveways to make sure they haven't settled over time and are causing water to drain toward your house.

- Consider landscaping with native plants and vegetation that resist soil erosion.
- Clear snow away from your home's foundation. If the ground is sloped one inch per foot near your home, move snow three to five feet away to help minimize flood problems.
- Keep water out of window wells.
- Make sure downspouts extend away from your basement wall. Water should drain away from your home and neighbouring homes. It should drain toward the street, backyard or back lane.

Q&A

What's the difference between overland flooding and water damage resulting from leaking pipes or sewer backup?

- Overland flooding usually occurs when bodies of water, such as rivers, dams and other watercourses, overflow onto dry land and cause damage.
- Sudden and accidental bursting of plumbing pipes and appliances is covered by all home insurance policies. However, damage may not be covered when freezing causes the escape of water. Water damage in a basement due to a sewer backup is only covered if specific sewer backup coverage has been purchased.

What to do when leaks and floods happen

- Electricity and water are a dangerous mix. Before you charge into a flooding basement to rescue your belongings, be safe. Turn off the circuit breaker to the house (or, if you can't reach the circuit box, call your utility and ask them to do it for you). Wear thick waterproof boots and gloves to protect against toxic elements in the floodwater.
- Know how to turn off the main supply of water to your home.

Overland flooding and 'readily available' insurance

In 2017 mountain snowpack along the entire length of the Fraser River was higher than normal, with some areas

What you need to know

- Damage to homes caused by hail or wind is usually covered. This includes damage caused by flying debris or falling branches or trees, or damage caused by water entering through sudden openings caused by wind or hail.
- Coverage for sewer backup or overland flooding is not automatically included in your homeowner's insurance policy. Talk to your insurance broker for more information and options.
- Is your basement at risk of flooding? Go to www.basementfloodreduction.com and take the quiz.

recording the highest levels in nearly 50 years. When the spring run-off began, thousands of B.C. residents were evacuated either as a result of flooding or as a precautionary measure.

Until 2015, Canadians who suffered overland flood damage had to rely on the B.C. Disaster Financial Assistance (DFA) program for compensation because overland flood losses were not insurable. But often the program did not fully compensate the full extent of losses. Many Canadian insurers are now offering overland flood coverage; talk to your insurance broker about your risk and coverage options.

Because overland flood insurance is in the transition of becoming an affordable option for homeowners, Emergency Management BC "is closely monitoring the availability of overland flood insurance in B.C. and will continue to deliver DFA in accordance with existing legislation. If a flooding disaster occurs and DFA is authorized for a disaster event, an applicant who could reasonably and readily have purchased overland flood insurance would not be eligible for DFA."

EMBC expects that eventually overland flood insurance will be reasonably and readily available for single family residential homes across all of B.C. "The phrase 'readily available' means that a person could obtain this insurance from a local agent or broker. 'Reasonably available' should not be confused with affordable. What a person can afford is subjective and specific to that person. What is important is that the price of the insurance is reasonable considering the risk."



HOUSE FIRES



IN THE DAYS BEFORE ELECTRICITY, when home heating and cooking involved open flames, a single household fire could quickly spread and destroy an entire city – as happened in Vancouver and New Westminster in 1886 and 1896 respectively.

The sombre respect fire has commanded for centuries is still evident today in the contracts of insurance and the laws that govern them: fire coverage is still the cornerstone of the standard insurance contract.

Virtually every residential insurance policy covers damage caused by fire as long as the fire was not started intentionally by, or at direction of, the homeowner. But it's a good idea to check that you have sufficient coverage for all your belongings. For example, if you have some especially valuable items such as jewellery, electronics, recreational equipment, musical instruments, wine or art collections, you should notify your insurance broker. He or she can explain the coverage provided by your insurance policy and offer options for additional coverage if applicable.

Today's house fires are hotter and burn faster

Firefighters say modern homes, furnished with oil-based products, burn faster and present dangers never seen before.

Where older construction used more solid wood, today's construction and furnishing materials are likely to be laminates and synthetics that contain foams, glues and petro-chemicals. Open-concept designs allow flames to be fed by oxygen and quickly fill the large spaces cre-

ated by combined kitchens and great rooms, in comparison to older designs that contained fire within rooms and slowed its spread. This leads to a situation where, if there is a fire, it burns much hotter, more rapidly, and the smoke is much more toxic.

Luckily, smoke and carbon monoxide detectors are more sophisticated – they need to be. Today's house fires burn eight times faster and produce 200 times the amount of smoke that a fire would have 50 years ago. A test by Underwriter Laboratories, a not-for-profit product-safety



testing and certification organization, found that an average-sized room furnished with modern products is fully engulfed in flames in three minutes. The same room, furnished with items 50 years of age, took 30 minutes to do the same.

About 30 years ago when smoke detectors became more common, a person had up to an estimated eight minutes to exit their home from the time their smoke detector went off. Today, a person has less than two minutes – barely enough time to get out once the smoke detector starts sounding. See **Get out fast!**

Preventing a house fire

The tragic thing about fire losses is that they are almost always preventable.

- Install smoke detectors and keep a fire extinguisher handy.

- Electrical switches, outlets, cords and plugs, and fuse and circuit-breaker boxes are among the leading causes of home fires and fire deaths. Today's appliances and electronics can put a heavy load on electrical systems, especially in older homes built before modern electric products were available. Don't overload your electrical system with power bars and extension cords, and don't attempt to upgrade your electrical system yourself. If you have any doubt about your home's electrical capacity, call for a professional inspection.
- Teach children about fire safety. After electricians, children make up the demographic most likely to be affected by an electrical injury. Electrical cords and extension cords cause almost two-thirds of electrical burn injuries to children ages 12 and under.
- Manage heat sources responsibly. Have your fireplace inspected and cleaned annually. Don't leave your stove unattended while cooking. Monitor heaters and candles. Clean out the lint trap in your clothes dryer frequently. Use your outdoor barbecue with extreme care; move it well away from walls and furniture before lighting it.
- Properly store flammable materials. Store gasoline, solvents, waste or other materials that may ignite at least 10 metres away from your home.
- Remove dry leaves and debris. Keep leaves, other dry materials and potentially flammable garbage away from the exterior of your house,

especially if you have wood or vinyl siding.

- First responders would like to see residents go a further step and install sprinklers. The Canadian Association of Fire Chiefs has urged changes to the National Building Code to require sprinklers in new home construction.

What you need to know

- The most important step to ensure your family's safety from fire is to install smoke detectors, and check them regularly to ensure they are functioning properly. They are inexpensive – available at any hardware store for less than \$20 – and they save lives. Replace them at least every 10 years.
- Is your home fire-safe? Take the quiz at <http://safeathome.ca>

Get out fast!

- Plan an escape route and a safe meeting place in case of an emergency.
- Ensure there are two ways out of every room.
- Regularly check and test all smoke and carbon monoxide alarms.
- Practice your home fire drill.
- Newer smoke and carbon monoxide alarms have expiry dates on them. Make note of all alarm expiry dates and replace them before they expire.
- Don't forget to mark your smoke and carbon monoxide alarms!
- Make sure your home or building address number can be seen from the street.

After a fire

- Thankfully, most home fires are partial losses. However, the additional damage from water and smoke can be extensive.
- Your first priority is to ensure the safety of all family members and pets.
- Don't enter the home until emergency officials say it is OK to do so, and don't turn on any electrical switches until the electrical system has been checked.
- Call your insurance broker or insurance company as soon as possible; they can arrange for site clean-up and repair.
- To facilitate the claim process, document all property losses and take photographs of damage.

Q&A

What are the leading causes of residential fires in B.C.?

- Nearly 40% of fires in B.C. result from common-place activities such as cooking and smoking.
- Two-thirds of houses that catch fire do not have working smoke alarms.

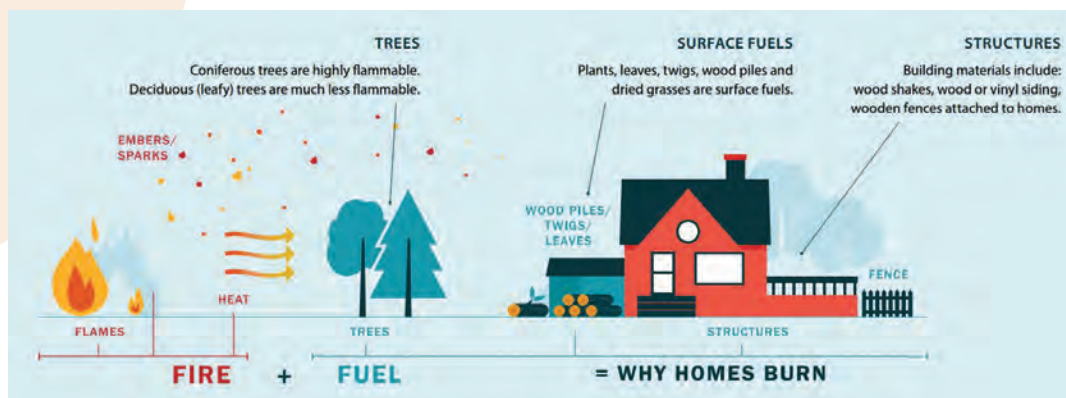


WILDFIRES



NEARLY ALL BRITISH COLUMBIANS felt the effects of the extraordinary wildfires of summer 2017. If you weren't among the 65,000 people directly displaced by the largest evacuation order in B.C.'s history, then you were probably affected by the smoke and haze that blanketed much of the province and extended across the prairie provinces.

Community expansion pressures are pushing new construction of homes and businesses into farmland, grassland and forest. Being closer to nature is wonderful in so many ways, but it's offset by being at higher risk of a wildfire that can travel with ferocious intensity and speed. And country living means that you may be farther away from fire departments and hydrants. Most of B.C. is served by independent, community-based fire departments that employ a combination of career firefighters and volunteers; consider the reaction time you can reasonably expect from your nearest responders. Fire safety in country settings starts by ensuring that your home's exterior finishes and landscaping don't add to the fire hazard.



B.C.'s 2017 wildfire season, by the numbers

12,164 sq. km.: Area burned, equivalent to more than a third of Vancouver Island. The worst level of destruction since 1958 when 8,560 sq. km. burned.

\$562.7 million: Estimated cost of fire suppression. The previous record was \$382 million in 2009.

45,000: Approximate number of people displaced at the peak of the fires.

65,000: Total number of people displaced over the entire wildfire season. The previous record was in 2003 when about 45,000 people were forced from their homes.

70 days: Duration of the state of emergency that was declared on July 7. The last time wildfires prompted the province to announce a state of emergency was in 2003, which lasted 43 days.

1,351: Total number of wildfires.

176: Number of fires that started over a single 48-hour period on July 7 and 8.

4,700: Approximate number of personnel deployed at the height of the wildfires, including firefighters and support staff. This includes the more than 1,200 personnel from outside the province or Canada and the more than 2,000 contractors who helped out.

300: Approximate number of Canadian Armed Forces personnel who assisted.

236: Aircraft deployed.

Zero: People who died in the fires.

Source: BC Wildfire Service

Q&A

We sometimes hear people saying that insurance coverage is not available for a particular disaster or another because it was an “Act of God”? Is there an “Act of God” exclusion in insurance?

No. Some contracts – for example, leases or work contracts – may include clauses that limit the contract in the event of a disaster, but insurance by its very definition must be much more specific about what losses will be indemnified. Insurance contracts list the perils that are covered, the limits of coverage, and list the exclusions. Contrary to popular belief, there is no such thing as an “act of God” exclusion in any property insurance policy in Canada. In fact, insurers routinely pay for damage resulting from natural disasters, including windstorms, hail and wildfires.

Be FireSmart

FireSmart¹ is the number-one mitigation program for wildfire in Canada. It's a set of guidelines for people who live and work in close proximity to the Wildland Urban Interface – the area

where homes and businesses meet forests and grasslands and that are prone to wildfire.

The FireSmart program was developed in the 1990s by a non-profit association of government agencies and private businesses involved in land stewardship. The program became a priority in B.C. in 2003 when forest fires destroyed about 240 homes in the Kelowna, Lake Okanagan and Barriere areas.

FireSmart guidelines work. The devastating fire in Fort McMurray, Alberta, in May 2016 destroyed more than 2,400 structures, resulting in the largest-ever insured loss in Canada. The Institute for Catastrophic Loss Reduction investigated the loss to understand why some homes survived the fire with little or no damage, while others were vulnerable to ignition and were destroyed.

The resulting report, *Why Some Homes Survived: Learning From the Fort McMurray Wildfire Disaster*², concluded that homes whose owners had adopted FireSmart guidelines survived much more frequently than homes where they had not, despite the extraordinarily harsh conditions. Wind-driven embers were the most probable cause for the majority of

Causes of wildfires

According to the David Suzuki Foundation, climate change doesn't necessarily start the fires, but it creates conditions for more and larger fires.

- People are the leading cause of wildfires in Canada. Half or more of all wildfires are started by unattended campfires, carelessly tossed cigarette butts, sparks from machinery, yard-burning that gets out of control, and other human activities.
- Lightning causes up to 35% of Canada's wildfires and is responsible for 85% of the area burned annually. Lightning increases as temperatures rise, with about 12% more lightning strikes for each degree Celsius of warming.
- Drier, shorter winters and earlier snowmelt extend fire seasons and lead to drier summers. Fuel on the forest floor ignites more easily and fires spread faster over greater areas.
- Outbreaks of pests such as mountain pine beetles – previously kept in check by longer, colder winters – have also killed and dried forests, adding fuel to the fires. Because trees and soils hold moisture on slopes, fires can also increase the risk of flash floods when rains finally arrive.

early home ignitions in the zone where the fire made its transition from forest into urban neighbourhoods. Once established, the fire would have spread from structure to structure as an urban conflagration, accounting for the majority of home losses. The report concluded that on average, the surviving homes rated 'Low' to 'Moderate' for fire hazard using the FireSmart criteria, whereas homes that were destroyed rated 'High' to 'Extreme' hazard.

- In 89% of the side-by-side comparisons conducted (where one home survived and the other did not), the surviving home rated with substantially lower risk.
- 100% of homes/home groups that survived extreme exposure without igniting rated 'Low' hazard.

Home survival depends on conditions in the 'ignition zone' around the home. While having a low overall hazard rating is important, a single critical weakness can lead to home loss.

¹ <https://www.firesmartcanada.ca/>

² https://www.iclr.org/images/Westhaver_Fort_McMurray_Preliminary_Aug_2016.pdf



EARTHQUAKE

THE THREAT OF A MAJOR EARTHQUAKE IN B.C. has received attention over the past few years as a result of our increased understanding of two bleak realities:



- 1) The threat is larger and more imminent than had been previously estimated. Natural Resources Canada now predicts that there is a 30% chance of a significant earthquake happening off the coast of British Columbia in the next 50 years.
- 2) The potential level of damage and the cost of recovery are both higher than had been previously estimated. According to a comprehensive impact study by AIR Worldwide³ for the Insurance Bureau of Canada in 2013, a 9M event hitting B.C.'s southwest will have a total economic loss (including direct losses to property and

infrastructure and indirect losses due to supply-chain interruptions and network disruptions) of nearly \$75 billion, of which only an estimated \$20 billion will be offset by insurance. In Japan and New Zealand, where earthquake funding and resiliency plans were in place prior to their earthquakes, recovery is taking 10 years and entire communities have been forever changed.

The Juan de Fuca Plate, which extends 1,100 km from B.C. to California, is one of several locked plates in the Cascadia Subduction Zone. When pent-up pressure causes the plates to shift, an earthquake of magnitude 9 on the Rich-

³ Earthquake Study: www.ibc.ca/ns/resources/studies/air-study



ter scale is considered likely (Japan's earthquake in 2011 was 9M). Events measuring 6 and 7M have occurred along B.C.'s west coast in the past couple of years, but luckily were far enough offshore to cause no damage.

The Cascadia Fault, however, is not the only threat to southwestern B.C. Scientists in Canada and the U.S. have recently begun to study a new fault zone with the potential to cause as much or even more damage. The Devil's Mountain fault extends east-west just south of the southern tip of Vancouver Island into Washington State. Because it's within about five kilometres of Victoria's city centre,

seismologists estimate that it could cause damage comparable with that sustained by Christchurch, New Zealand, in 2011 when the most damaging event registered 6.3 on the Richter scale and occurred 10 kilometres south-east of the town centre.

Adding to the challenge of understanding and preparing for an earthquake is our lack of experience. The public, government, and the insurance industry all have experience with coping with major fire and flood events in Canada, but when it comes to earthquake, we must heed the lessons that people in other parts of the world have learned the hard way.

What earthquake insurance covers

- Coverage for earthquake damage is not included in a standard home insurance policy, but can be purchased as an add-on to your existing policy. Earthquake insurance is subject to a higher deductible.
- If an earthquake breaks a gas main and starts a fire, the resulting fire damage would likely be covered under a standard home insurance policy. Your coverage will depend on the legislation in your province or territory. Speak with your insurance representative for more information.
- In certain circumstances, homeowners who are unable to return to their home as a result of insurable damage are entitled to additional living expenses.
- Earthquake coverage is available for your place of business. To mitigate losses to your business in the event of an earthquake, you can purchase business interruption insurance.

What to do during an earthquake

Wherever you are when an earthquake starts, take cover immediately. Move to a nearby safe place and stay

What you need to know

- Coverage for earthquake damage must be purchased separately.
- Earthquake coverage is subject to a higher deductible. Ask your insurance broker to explain your earthquake insurance deductible and help you calculate how much you would need to pay to start reconstruction after a loss.
- Because insurance is readily available for earthquake losses, earthquake damage to personal property is not eligible for compensation from the Disaster Financial Assistance program.
- More than 60% of British Columbians live in a region where some of the largest earthquakes in the world occur. The proximate risks of shake, landslide and liquefaction are expected to affect areas far inland; experts predict effects could reach Kamloops and Kelowna.
- For more information and resources, go to www.shakeoutbc.org.

there until the shaking stops. Keep in mind:

- Drop, cover and hold on. Take cover under a heavy table, desk or other solid furniture. Avoid doorways and areas near windows. Protect your head and face.
- If you're indoors, stay indoors. If the aforementioned furniture is not available, additional safe places are in halls and corners, and under archways.
- If you're outdoors, stay clear of buildings and wires. Look out for falling debris.
- If you are in a wheelchair, lock the wheels and protect the back of your head and neck.
- Avoid elevators. If you're in an elevator when an earthquake starts, hit

all of the floor buttons and get out of the elevator as soon as you can.

- If you're in a vehicle, try to find a place, if possible, well away from buildings, bridges, or overpasses and pull over to the side of the road. Stay inside your car, if safe to do so, and listen to your car radio for instructions from emergency officials.
- Remain in a protected place until the shaking stops. Anticipate aftershocks soon after the first quake.

What to do after an earthquake

- Remain calm. If you're able, take care of life-threatening situations first. Remember, you may be on your own for 72 or more hours before

emergency help arrives so have your emergency kit ready.

- Check for injuries and administer first-aid as needed.
- If safe to do so, check your home for structural damage and other hazards.
- If you are evacuating, bring your disaster safety kit with you.
- Do not shut off utilities unless they are damaged. Don't light matches or turn on light switches unless you are sure there are no gas leaks or flammable liquids in the area. Don't flush the toilet if you suspect that nearby sewer lines may be broken.
- Wear gloves, protective clothing and sturdy shoes.
- After looking after your family, check on your neighbours if you are able.
- If you need assistance, place "HELP" signs in all of your windows.
- Turn on your battery-powered, hand-cranked or car radio for broadcast emergency instructions.
- Don't use your land-line telephone or vehicle, except in an extreme emergency.
- Stay at least 10 metres from downed power lines.
- Avoid waterfront areas because of the threat of large waves and currents.
- Beware of secondary effects, such as landslides and flooding.



Q&A

Do we know how an earthquake will affect us?

- Yes, the Insurance Bureau of Canada in 2013 released a very comprehensive analysis of the economic impact of a major quake. It was the first time that losses resulting from liquefaction, tsunami, landslide and fire were also estimated. This study has provided the information necessary for municipalities and organizations to develop contingency plans. To access the report, go to www.ibc.ca and search for keywords "earthquake study".
- The study makes some startling conclusions: of the estimated \$70 billion in losses, only about \$20 billion would be covered by insurance (at today's level of take-up). Areas as far up the Fraser River delta as Maple Ridge and Abbotsford will be affected by liquefaction.



STRATA



MORE THAN A MILLION British Columbians live in strata properties. In some urban neighbourhoods, most residents are in strata buildings.

Higher density and shared ownership require specific rules and practices so that residents can live in harmony with each other. Indeed, it can be said that the *Strata Property Act* establishes another level of government for strata owners in that it sets out specific responsibilities for managing their shared asset.

Strata owners each own a share of a property that may be valued in the millions of dollars and which, in many respects, operates like a commercial building, with commercial-grade systems and equipment. The *Strata Property Act* provides a democratic system of governance and standards for strata operations that helps ensure the rights of owners and their responsibilities to manage their asset well.

Think of your strata property under three levels of circumstance:

- 1) How it operates day to day,
- 2) How it responds, or should respond, when comparatively minor mishaps occur, and
- 3) How it should respond in the event of a major disaster... are you prepared?

¹ <https://ltsa.ca>

Insurance basics for stratas

B.C.'s *Strata Property Act* sets the foundation for strata properties to be insured through a combination of at least two insurance policies: one for the buildings and common amenities, and one obtained by individual owners for their own property. (Additional coverage may include warranty insurance for new homes, or tenants' insurance.)

Your building policy

All strata corporations, including bare land stratas and duplexes, must obtain and maintain property and liability insurance for the common property. The details of the common property – buildings, equipment, driveways and so on – are outlined in the strata plan on file at the Land Title Office¹.

The strata corporation's insurance must be for full replacement value – in other words, what it would cost to rebuild in today's market. The strata corporation must review the strata corporation's insurance policy annually and

insure against major perils as listed in the act's regulation: "the perils of fire, lightning, smoke, windstorm, hail, explosion, water escape, strikes, riots or civil commotion, impact by aircraft and vehicles, vandalism and malicious acts." Liability insurance must be for a minimum of \$2 million; however, many larger strata corporations choose to insure for a higher amount.

The act requires strata corporations to report annually to owners on the insurance coverage. Most fulfill this requirement by including the insurance declaration for the building policy in the agenda package that goes to all owners for their annual general meeting.

The insurance declaration that summarizes the coverage on the building and common areas is a useful document for all owners. It outlines the coverage and the deductibles for specific losses covered by the policy – the information you and your fellow owners need in order to plan as a group.

- Take note of deductibles – this is the portion of the loss that the strata corporation must pay before the insurance company will pay for a claim covered by the strata's policy.
- The *Strata Property Act* provides that owners' approval is not required for a special levy or for an expenditure from the contingency reserve fund to cover an insurance deductible required to be paid to repair or replace damaged property.
- When strata owners purchase or renew their unit policy (also referred to as a condo policy), it's good practice to provide their insurance broker with the building policy declaration to that the broker can tailor the unit coverage accordingly.



Your unit policy

The unit policy includes several important coverages that are not in the building policy: furniture and contents, upgrades made to the unit since construction, living-out expenses in the event a loss requires you to vacate during repairs, and third-party liability.

In the event of a claim against the building policy for which the strata

corporation has to assess owners in order to pay the deductible, your unit policy may also include coverage for your portion, up to a certain limit, of that assessment. Talk to your insurance broker for details.

An owner who rents the unit to tenants needs a unit-owner's policy, and tenants needs their own policy for their own contents and liability exposure.

When a loss occurs

Unit owners are responsible for repairing the damage should a loss occur in their unit. When a loss occurs that involves damage to walls, floors, windows or balconies (i.e., "limited common property") contact your insurance broker for advice regarding your unit insurance policy *and* report the loss to your strata property manager or council, as claims may have to be opened on both policies for repair.

If the damage extends beyond your unit to common property (hallways, for example) or to other units, you may be held responsible for those repairs as well. Your unit policy provides coverage

What strata owners need to know about earthquake

- Strata high-rises may be particularly susceptible to earthquake damage. Be sure your strata building has an emergency plan.
- Your insurance policy for your strata building should include earthquake. In fact, it's a good idea to pass a bylaw making earthquake coverage mandatory for the building.
- Discuss the cost of earthquake deductibles with your insurance broker as earthquake deductibles are typically shown as a percentage of the value of the property (which can range from 5% to 20% of the building value) – not the amount of the loss.
- Factor the payment of the earthquake deductible into your building's long-range planning.
- Your strata unit policy should include earthquake coverage as well. It can cover your unit owner's portion of the building deductible to certain limits. And it would also pay for living expenses while you are out of your home.

for losses to your unit, and neighbouring units or common areas for which you would be held responsible. Your unit policy would pay the strata corporation's insurance deductible (certain restrictions may apply) or repair costs, whichever is the lesser amount. This could be a significant expense as building-policy deductibles of \$25,000 are common and can range up to \$100,000 or more.

When disaster strikes

It's typical for people to adjust to high-density living by keeping to themselves. But in an emergency, everyone's safety and well-being will depend on how prepared they are, and how well they look after each other. Start now by bringing your fellow strata owners together to create an emergency plan. There won't be time or opportunity to do this after disaster has struck.

The *Prepared BC Guide for Apartments, Condos and Townhouses*² provides a template. The plan assigns responsibilities for a faster, more coordinated evacuation of all residents, especially those who are vulnerable or who need extra assistance. It also helps everyone know the location of emergency supplies and predetermined safe meeting places.

Be sure your building's emergency system is operational and ready to respond when you need it. Equipment such as elevators, sprinklers, back-up generators, fire alarms and smoke detectors need to be properly maintained and periodically tested.

Business and legal obligations such as paying bills, record-keeping, or providing forms don't stop when disaster strikes. Stratas with professional property managers should discuss emergency response and back-up plans with their managers. Self-managed stratas should arrange for alternates to perform necessary duties, and have offsite back-ups of key information.

After an insured loss in a strata building

- After a loss or a change in insured property and assets, the strata corporation, owner or tenant should immediately contact their insurance brokers. Insurance providers may also have other requirements for insurance holders.
- Insurance money must be used

without delay to repair or replace the damaged property unless the strata corporation has a 3/4 vote within 60 days to decide not to replace or repair damaged property after receiving insurance proceeds paid on a claim in respect of the damaged property. The insurance proceeds are then allocated among "persons with an interest". Note: section 160 of the *Strata Property Act* allows parties to go to court to dispute the 3/4 vote.

- The strata corporation can pay for a strata corporation's insurance deductible from the contingency reserve fund or by special levy without requiring a vote of approval by owners. This allows the strata corporation to quickly obtain insurance payouts to repair and replace common property and other assets.
- A strata corporation can sue an owner to recover the strata corporation's insurance deductible, if the owner is responsible for the loss or damage that gave rise to the claim.

Learn more

Strata properties come in an almost infinite variety of shapes, sizes and complexities. Consequently, there isn't a one-size-fits-all insurance policy for a strata property. Nearly all the insurance options for residential properties can come into play: The strata corporation's common property will require a commercial general liability policy. Strata unit owners need a condo unit-owner's policy, and tenants need their own policy. Free-standing homes in bare-land stratas are insured by standard homeowner's policies.

Insurance plays an important role in the health of strata properties and communities because it makes it possible for owners to be made financially whole again after a loss. You have a

When leaks occur in a strata building

A leak can be particularly damaging in a strata apartment or townhouse because of the potential for the water to spread to other units or to the common areas.

- Know where the water shut-off for your unit is located so that you can shut your water off yourself should a leak occur, or if you need to call a plumber.
- The water that comes out of household taps in Metro Vancouver and other parts of B.C. comes from pristine mountain reservoirs and is acknowledged to among the best in the world. Naturally low in mineral content, the water is characteristically 'soft', which makes household cleaning easier because less soap, shampoo, and detergent are needed. Soft water has two considerations for strata residents:
 - First, use less soap so that suds don't temporarily block pipes and cause water back-ups.
 - Second, because soft water is low in mineral content, it's naturally acidic, which accelerates the corrosion in pipes. When pin-hole leaks start to become a regular occurrence, get a professional assessment of the building's piping system. It may be time for major repiping repairs.
- If a leak originates in your unit and water spreads to other units or common areas, you could be liable for the cost of repair. That's one of the many good reasons why it's important to have your own insurance for your strata unit – whether you live in it or are renting it to tenants.

friend, ally and trusted advisor to help ensure you have adequate insurance: your insurance broker, who often is just right down the street.

Resources



- **BC Strata Housing**
<http://www2.gov.bc.ca/gov/content/housing-tenancy/strata-housing/operating-a-strata/finances-and-insurance>
- **Insurance Bureau of Canada**
<http://www.ibc.ca/bc/home/types-of-coverage/condominium-or-strata-coverage>
- **Insurance Brokers Association of BC**
<http://www.bcbroker.ca>
- **Condominium Home Owners Association of BC**
<http://www.choa.bc.ca>

² https://www2.gov.bc.ca/assets/gov/public-safety-and-emergency-services/emergency-preparedness-response-recovery/embc/preparedbc/preparedbc_apartment_and_condo_guide_web.pdf



BE READY



EVERY YEAR, SOME B.C. RESIDENTS WILL HAVE TO EVACUATE. It could be as localized as your own home or strata building in the event of fire or flood, or a larger imminent threat, such as a wildfire or hazardous-material spill, may cause everyone in your neighbourhood to evacuate.

Every emergency situation is unique, and there is no assurance of how long you'll have to prepare. And let's face it, when faced with such an emergency, we may not necessarily think straight.

1. **Have a plan.** Develop a plan now so that you don't have to start from scratch in an emergency. Involve all family members in planning for several scenarios:
 - Have an escape plan for getting everyone out of the house in the event of fire at any time of the day or night.
 - Plan how you'll stay safe at home without power, water or services for at least three days in the event of earthquake.
 - Be ready to leave your home quickly by car or on foot to escape an imminent threat.
 - Plan for your pets, and for connecting with family members should an emer-

gency occur when you're not together. Be sure everyone in the family knows what to expect and what to do.

2. **Have supplies and resources at the ready.** Think about what you'll need for these scenarios. Make a list and keep it handy so that you can pull vital items together quickly.
 - Keep a small bag packed with a spare set of comfortable clothes and shoes. Have an emergency kit at home with water, canned food and supplies.
 - Know where your important papers (passport, identification, will), computer back-ups and other essential items are



stored so that you can grab them quickly. Have a digital back-up of personal records: insurance declarations, financial records and home inventory list.

- Check your emergency kits regularly to ensure that all items are usable and ready. Be sure

What you need to know

Go low-tech: The systems that you depend on in a normal day may not be there for you in an emergency: Power, water, cell-phone reception, bank machines, public transit. Even 911 (fire, police, ambulance) systems may be backlogged or hampered by reduced mobility and access.

to consider seasonal adjustments in your supplies so that you are prepared in any month. Store important documents and irreplaceable personal items away from flood-prone areas like basements.

3. **Leave your home safe.** If you are under an evacuation order:
 - Include in your list of local emergency contact numbers: your insurance broker or insurance company, and BC Hydro (1-888-POWERON, 1-888-769-3766) for reporting a power outage.
 - Turn off all unnecessary appliances, such as air conditioners and hot tubs.
 - Unplug sensitive electrical equipment and appliances, such as televisions and computers.
 - Remove food from your refrigerator, but only if there's enough time to do so.
 - Turn off all lights except for one exterior light, which will indicate to BC Hydro crews that power is on at the residence.
4. **Know where you're going.** Keep cash in small bills on hand and don't let your gas gauge go below a quarter tank so that you can get out of your immediate area without needing to fill up. Keep a map in the car, even if it has GPS.

Who will help in an emergency?

Emergencies are managed first at the local (municipal) level. If the situation escalates, the provincial emergency management structure will be activated.

Your insurance policy: Your home insurance also includes coverage for additional living expenses in the event that you are temporarily unable to live in your home due to an insured loss in certain circumstances.

Emergency Social Services: British Columbians forced from their homes by fire, floods, earthquakes or other emergencies may receive emergency social services for up to 72 hours. Services may include food, lodging, clothing, emotional support, information about the crisis, and family reunification.

Emergency Management BC: Emergency Management BC will support

10 things to include in an emergency kit

Public Safety Canada recommends that you keep a basic home emergency kit containing the following items to help you survive a disaster:

1. Water: two litres of water per person, per day (small bottles are easier to carry in case of an evacuation order).
2. Food: Canned food, energy bars and other non-perishables.
3. Manual can opener.
4. Flashlight and batteries.
5. Battery-powered or wind-up radio and extra batteries.
6. First-aid kit.
7. Special-needs items: Prescription medications, infant formula and equipment for people with disabilities. Remember to check the expiry date of applicable items such as medications and infant formula on an annual basis and replace items as necessary.
8. Extra keys for your car and house.
9. Cash: Include smaller bills and change; service outlets will be operating at reduced capacity and may not be able to accept credit cards or make change.
10. Emergency plan: Include a hard copy of your emergency plan and ensure it lists in-town and out-of-town contacts.

communities through response and recovery.

Disaster Financial Assistance (DFA)

Program: Following a disaster, the provincial government may declare the event eligible for compensation from the Disaster Financial Assistance Program. DFA compensation is available for **uninsurable** losses in five categories: homeowners (principal residences only), residential tenants, small business owners, farmers and charitable organizations. Currently compensation is limited, for each accepted claim, to 80% of the total eligible damage that exceeds \$1,000, to a maximum of \$300,000.

Losses of personal property for which insurance was reasonably and readily available are not eligible for DFA compensation.

RECOVER QUICKLY

Do this now

Your ability to recover quickly after a loss will be greatly enhanced by taking some steps now:

- Make an inventory of all your belongings. This is easily accomplished by going room to room taking digital photos or a video. Take photos inside closets, cupboards and drawers. Record the make and model of electronics and appliances. Store the

digital files in a safe place, for example, in secure cloud-based storage or with a trusted relative. A thorough inventory will be a great help in filing a claim later.

- Surprisingly, many people don't know the details of their insurance coverage, or how to find out. Store your insurance details along with other important documents in a safe place as well.

- Know how your deductible works, and have a plan for paying it in the event of a loss. For example, your earthquake deductible is separate from that of your primary policy. Your insurance broker can answer your questions.

Start the claim process

- Call your insurance representative or company. Most insurers have a 24-hour claims service. Be as detailed as possible when providing information.
- Ask your insurance broker what additional living expenses you're entitled to and for what period of time. If it appears that your evacuation order is likely to extend beyond the timeframe covered by your insurance policy, talk to your insurance broker.
- List all damaged or destroyed items. Taking photos can be helpful. If possible, assemble proofs of purchase, inventories, receipts and warranties.

Take the test



<http://safeathome.ca>

Fire-safety tips, techniques and product information. Test your home's safety with the *Safety Quiz*.



www.basementfloodreduction.com/

Is your basement at risk of flooding? Take this quiz.



www.iclr.org/homeowners/earthquakerisktool.html

A risk-mapping tool provided by the Institute for Catastrophic Loss Reduction.



<http://www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/preparedbc/master-of-disaster>

Master of Disaster learning resources and multi-media library for learning how to prevent or be prepared for B.C. hazards.



Follow on Twitter

- @PreparedBC for preparedness information
- @EmergencyInfoBC for alerts
- @BCGovFireInfo for wildfire updates
- @DriveBC for road conditions



- Once you have reported a loss, you will be assigned a claims adjuster, who will investigate the circumstances of your loss, examine the documents you provide and explain the process. Take notes during the conversations and don't be afraid to ask questions.
- Keep all receipts related to cleanup and living expenses if you've been displaced. Ask your insurance broker about what expenses you may be entitled to and for what period of time.
- You will be provided with a blank Proof of Loss form, in which to list the property and/or items that have been damaged or destroyed, with the corresponding value or cost of the damage or loss. You must sign and swear that the statements you make in the Proof of Loss form are true. Ask your insurance broker or claims adjuster to clarify anything you are unsure about.

Up your game



www.firesmartcanada.ca/

Manuals, videos and articles to help you protect your home from wildfire.



<http://basementfloodreduction.com/forhomeowners/20tipsforhomeowners.html>

Handbook for Reducing Basement Flooding

www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/preparedbc/know-the-risks/floods

Up-to-date information on flooding in B.C. Download the *PreparedBC: Flood Information for Homeowners and Home Buyers Guide*.



www.shakeoutbc.ca/

A province-wide drill designed to educate the public in the event of a major earthquake.

www2.gov.bc.ca/gov/content/safety/emergency-preparedness-response-recovery/preparedbc/know-the-risks/earthquakes

What to do before, during and after a quake. Download the *Earthquake and Tsunami Smart Manual*.



www.emergencyinfobc.gov.bc.ca

PreparedBC alerts and emergency resources.

www.getprepared.gc.ca

Practical information for creating an emergency safety plan for your family.

www.iclr.org/businesses/openforbusinessm.html

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