



LEGISLATIVE ASSEMBLY
of BRITISH COLUMBIA

Honourable John Horgan, MLA
Premier of British Columbia
West Annex
Parliament Buildings
Victoria, BC
V8V 1X4

June 16, 2020

Dear Premier,

Today, in its interim findings on the strata insurance market in our province, the B.C. Financial Services Authority (BCFSA) concluded that the strata insurance market in B.C. is “unhealthy” and not fulfilling the needs of British Columbians. BCFSA further stated that the strata insurance market “fails to meet the goals of sustainability, affordability and availability”.

For many months, the Official Opposition has heard from British Columbians who are facing significant financial stress and anxiety from surging strata insurance costs. We trust you are aware of the stories of strata insurance premiums soaring by 300% or higher and water damage deductibles increasing from \$5,000 to \$250,000 in a single year. People living in these strata units cannot afford the resulting large one-time assessments and monthly fee increases that are costing them hundreds of dollars more.

It is important to note that some strata corporations have also had difficulty securing full replacement cost coverage, while others have had challenges even securing a renewal of their strata insurance policy — at any cost.

With approximately 35,000 strata corporations in B.C., an increasing number of British Columbians live in strata housing — whether condominiums, duplexes, townhouses, and even homes in bare land strata corporations — and fully half of Metro Vancouver’s 2.7 million residents do so. This is clearly an affordability issue that is impacting a growing number of people in every corner of the province.

Furthermore, with half a million people in B.C. having lost their job and thousands of small business owners struggling to get back on their feet due to the COVID-19 pandemic, skyrocketing strata insurance costs represent one more unexpected hit to the wallets of British Columbians, with a growing number truly at risk of losing their homes. Action by your government is needed now.

BC Liberal Official Opposition
Parliament Buildings
Victoria, BC V8V 1X4
T: 250-356-6171



The Official Opposition is calling on your government to take the following immediate actions:

1. Implement a temporary tax holiday on the 4.4% Insurance Premium Tax applicable on strata property to leave these dollars in the pockets of strata owners.
2. Extend on a temporary basis the Property Tax Deferment Program to enable strata owners who have faced extraordinary additional expenses related to soaring strata insurance costs to defer a portion of their property taxes.
3. Implement changes to the Strata Property Act and regulations that ensure annual contributions are made to the strata corporation's Consolidated Revenue Fund (CRF) at levels acceptable considering the building's age, claims history and other unique circumstances; require strata corporations to have a depreciation report detailing necessary maintenance every year; and require a strata corporation to inform owners and tenants of any material change in insurance coverage, including an increase in any deductible, as soon as feasible.
4. Develop a mandatory education and training program for strata council members, with particular emphasis on risk mitigation.
5. Review the B.C. Building Code and implement new requirements focused on the prevention and severity of water damage events.
6. Require the B.C. Financial Services Authority to make public the data and information it is gathering from insurance companies to better understand the current climate of rapidly rising strata insurance.

These practical and achievable measures build on initial actions proposed by the Official Opposition last February and were included within our Private Members Bill titled "The Strata Property Amendment Act, 2020." These measures would ensure greater clarity in the claims process, provide a requirement for strata corporations to be provided insurance renewal terms at least 30 days in advance, and implement requirements around providing proof of insurance and acquiring liability insurance.

Additionally, we called on your government to create a strata water damage prevention program to help strata owners and strata invest in preventative maintenance via necessary upgrades such as automatic water shut-off valves, hard-wired water leak detection systems, steel braided hoses, low flow toilets, laundry and washroom floor drains, and recessed sprinkler heads with protective sprinkler guards. The critical need for such a program was underscored in BCFA's interim findings wherein they concluded that a key driver of strata insurance claims is



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water damage from plumbing leaks and failures, accounting for approximately 46% of total claim costs in B.C. since 2017.

British Columbians cannot afford to wait any longer for your government to 'monitor' and 'discuss' the situation, and people certainly hope that it is not your intention to hold off in acting pending release of BCFSAs final report on the strata insurance market in the fall of 2020. It is imperative that your government act now to provide much-needed relief for strata property owners, and to best mitigate the impacts of this growing crisis before it gets worse.

Regards,

Andrew Wilkinson, Q.C.
Leader of the Official Opposition
MLA for Vancouver-Quilchena

Todd Stone
Official Opposition Critic for Municipal Affairs & Housing
MLA for Kamloops-South Thompson