

Strata Insurance

WHAT IS HAPPENING WITH INSURANCE RENEWALS, PREMIUMS & DEDUCTIBLES?

Quay Pacific Property Management | March 2020

Claims on Rise Globally



- Weather related catastrophic events continue to become more frequent and severe, impacting insurer portfolios
- 2017 and 2018 are the highest back-to-back years on record with combined losses of \$251bn
- The last 4 years in Canada all in the Top 10 Highest Losses Recorded List (2016 highest)
- Up until mid-2000's insurance companies in Canada would expect to pay out \$400 million a year in claims as a result of severe weather, now a single event can trigger claims that size



Insurers Performance

104.5%

Overall Canadian Performance

“The **combined ratio for the Canadian P&C industry was 104.5% during the first six months of 2019**, up 1.1 points from 103.4% for the first six months of 2018.”

- Quote from: **Canadian Underwriter**

Article: How bad the industry's loss has been in 2019 so far

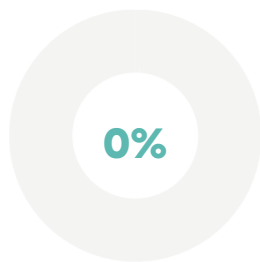
Strata Specific Performance



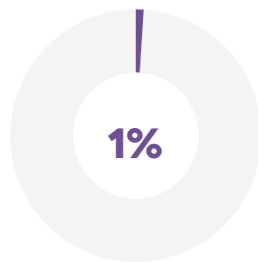
Top 5 Causes of Loss



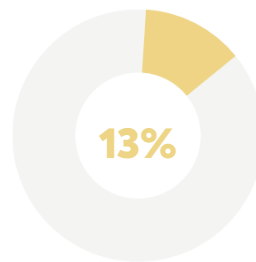
Claims Frequency by Type:



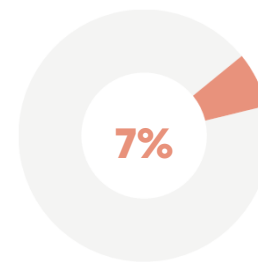
Flood



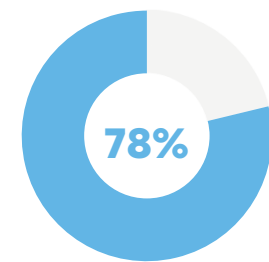
Freezing



**Sewer
Backup**



Fire

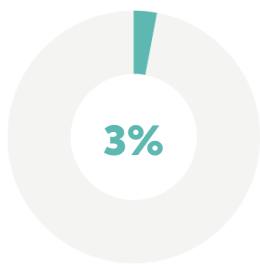


Water

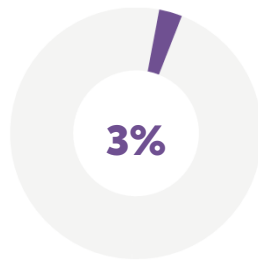
Top 5 Causes of Loss



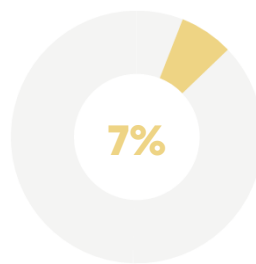
Claims Severity by Type:



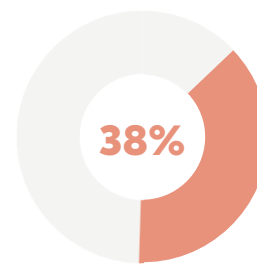
Flood



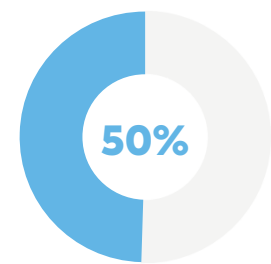
Freezing



**Sewer
Backup**



Fire



Water

Strata Insurance

What are the impacts?

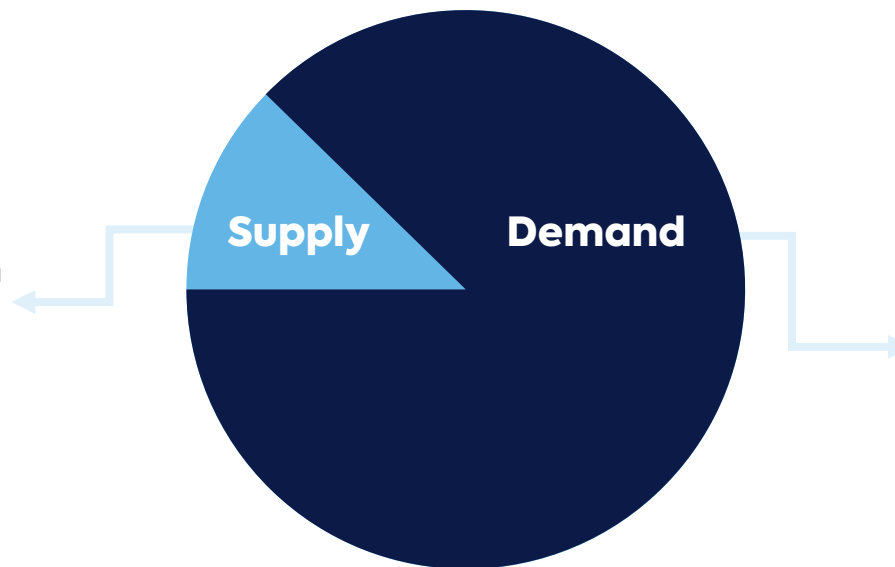
Impact



Reduction in Supply / Increase in Demand

Insurer Reduction

- Approx. 30 – 40% reduction in capacity



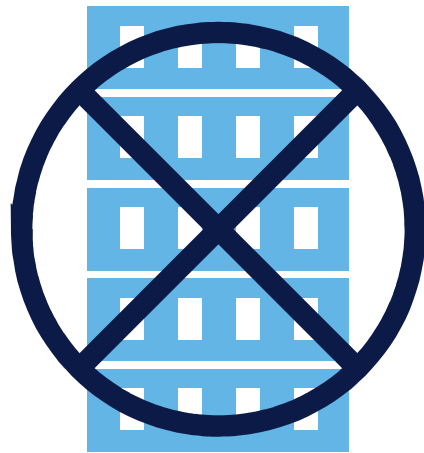
Demand Increase

- Increased Replacement Values 7-9%
- More buildings being built
- Larger buildings being built

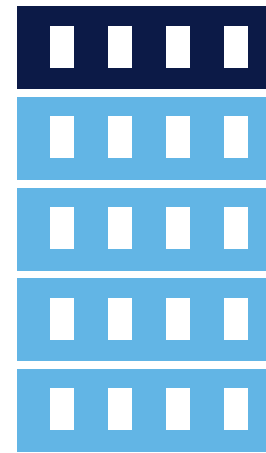
Impact

Typical Placement

Original
Structure



Open
Market



Impact

Properties most impacted:



1. High Earthquake Zones
2. Wood Frame Buildings
3. Larger Valued Properties
4. Properties with poor loss record
5. Building with no upgrades

What does this mean?

How does this market impact owners



Increased
Premiums



Increased
deductibles



Strict
underwriting
guidelines



Late
quotes

What can owners do?



Claims Prevention Tips



Install Sprinkler Head Cages



Check condition of all water seals / caulking in your kitchen & bathroom



Know where shut off valves are for all major sources of water in your unit



Replace rubber hoses to washing machines every 5 years



Inspect pipes & fixtures around your unit for rust or corrosion



Turn off all water at the main valve before you leave for vacation



Implement a non-smoking bylaw



Ensure safe & proper installation of barbecues on balconies

Additional steps to consider



Claims Prevention Tips:



MAINTENANCE PROGRAMS

Check all old appliances (washing machine & dishwasher)

Inspect roofs

Clean gutters & drains

EDUCATION & AWARENESS

Water shut off valves

Do's & Don'ts for unit owners

RESTORATION & TRADES

Work with reputable firms

Check for adequate insurance

IN-SUITE RENOS

Insurance in place for the renovations?

Proper permits obtained?

LIABILITY

Snow removal contracts

Parkade lighting adequate?

Importance of Unit Owner's Coverage

- Contents
- Betterments & Improvements
- Rental Income
- Additional Living Expense
- **Deductible Assessment Coverage**
- Personal Liability