

Condominium Corporations

OVERVIEW & BEST PRACTICES

The insurance markets are making bold moves to address the growing losses in the residential realty sector. Unfortunately, the losses here are rising, and this trend does not seem to be easing up anytime soon. Lately, water-related damages have been the main culprits causing the most significant losses in the market. However, the industry is not sitting back to watch things spiral out of control. They are taking two critical steps to restore calm and stabilize the market.

Current Market Trends

First, they are increasing insurance rates, which were traditionally between 0.10-0.15 cents per \$100 of coverage. We now see rates ranging from 0.20 to 0.30 cents per \$100 coverage. Second, the industry is limiting the amount of coverage, hoping to reduce losses. If they do nothing, they may have no choice but to stop insuring residential realty altogether.

In addition, high-value condos with multiple units are also getting a closer look. These properties have a high frequency of losses, which can result in significant losses since many units are often affected when a loss occurs. Sadly, condos remain the most vulnerable properties, with over 30% affected by losses.

What Harvard Western Insurance is Doing:

At Harvard Western, we're always keeping up with the latest developments in the insurance industry. We make it a priority to stay in touch with our main markets and keep a pulse on what they're doing when it comes to capacity and rating. When there are claims or rating increases, we thoroughly examine all current and renewal policy rating and remarketing policies.

Plus, we're constantly talking to insurance companies to find ways to help condo corps minimize rate increases and stabilize future ratings. In short, we're here to help you navigate the insurance landscape easily and confidently!

Actions For Condo Corporations:

If you're in charge of a condo corporation, it's worth considering some tried and true methods to keep your premiums down. You could opt for a higher deductible, but make sure it aligns with your bylaw requirements. It's also a good idea to consult with your insurance broker about claims and their potential impact on future renewals. Another key step is to review your values and coverages regularly.

We've noticed that many losses could be avoided or reduced with better general maintenance. Typically, the responsibility falls to the unit owner, but this can leave the condo corp. vulnerable. One solution is for the corporation to take on some of the maintenance responsibilities for areas that are causing losses. We've found that proactive measures can help reduce the likelihood and severity of losses. Plumbing and heating companies now offer loss prevention inspections and reports to condo corporations, which we highly recommend exploring.

Finally, we're happy to provide some best practices and loss control suggestions for condo corporations. Keep these in mind to ensure your building is well-maintained and your premiums stay low.



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Condo Risk Practices (provided by Wawanesa Mutual)

Fire Safety

Sprinkler System (if installed) - To ensure that your sprinkler system is fully operational and meets proper specifications, it's recommended to have a qualified contractor or person test and inspect the entire system annually.

Fire Extinguishers - Similarly, fire extinguishers should be serviced annually by a certified professional as part of a preventative maintenance program.

Fire Monitoring System - To ensure that your fire monitoring system is functioning properly and detecting fires during emergencies, it's crucial to have the system serviced and inspected annually by a qualified company or person.

Emergency Lighting - You can do monthly testing by pressing the "push to test" button for 30 seconds. A qualified electrician should also inspect and service the emergency lighting system and components annually.

Smoking Best Practices - If your condo allows smoking, installing proper metal cigarette disposal containers and regularly emptying them is essential. Also, try to place the designated smoking area as far away from the building(s) as possible.

Flammable Liquids - All flammable liquids should be stored in a designated area away from exits and ignition sources. A metal flammable storage cabinet is a great option for fire-rated storage.

Liability

Handrails - We all know that slip and fall incidents can be a real pain, so it's important to routinely check all handrails to ensure they're properly secured and undamaged.

Snow Removal - It's always recommended to remove snow and/or ice immediately after each snowfall to help reduce slip hazards. If any ice forms, it's best to either use ice melt or physically remove it ASAP. And if you've hired a contractor for snow removal, be sure to get proof of insurance before they start.

Slip and Trip Hazards - We all know how annoying those can be, so be sure to do routine walkarounds both inside and outside the building to check for hazards like heaved concrete, floor mats, extension cords, downspouts, and more.

Workout Facilities - If your condo has a fitness room, make sure there are clear and visible signs posted with rules and regulations for equipment usage and health and cleaning requirements. You don't want anyone getting hurt or sick while trying to stay in shape!

General Maintenance

Ice Damming - Winter months can be harsh on our condo roofs, especially during freeze/thaw periods. It's important to watch for snow buildup on the eaves, as this can lead to ice damming. This, in turn, can cause water to accumulate on the roof and increase the risk of a leak. We recommend contacting a contractor to remove the snow and ice if you notice any ice dams forming. Additionally, it's a good idea to consult a specialist on ways to reduce heat loss to the roof to prevent this from happening again in the future.

Condo Risk Practices (continued)

General Maintenance (cont.)

Vegetation (touching building) - Be wary of any vegetation in contact with the building's siding, eaves, eaves troughs, or roofing. Trimming these back annually is important to ensure that these systems can effectively drain and breathe and prevent any physical damage to the building.

Barbeque Use - As a commitment to safety, we highly encourage management to engage with unit owners and occupants to ensure that BBQs are used safely. To achieve this, we suggest following some best practices or guidelines, including:

- Not allowing the storage of combustible items on balconies where BBQ use is permitted. Either allow storage of combustible items or BBQ use, but not both.
- Limiting the storage of propane cylinders to a maximum of one 20lb cylinder, which should be safely secured to the BBQ.
- Prohibiting any solid fuel cooking appliance that produces sparks and hot ashes.
- Mandating that BBQs be used as far away as possible from combustible walls and patio furniture.
- Making sure that BBQs are attended at all times while in use.

Apart from BBQ use, we also recommend that management prohibits storing highly combustible items or flammable liquids on all balconies, such as automobile tires or gasoline.

Gas Line Protection - It's essential to ensure that the gas meter and line are shielded with proper barriers like concrete or steel bollards, especially when located in areas with vehicular traffic. This can significantly reduce the risk of accidents and keep everyone safe.

Extension Cords - While they might seem like a convenient solution for powering your devices, they should only be used temporarily. Otherwise, they can become a common cause of electrical fires. To minimize the chances of such incidents, it's recommended to replace temporary extension cords with permanently installed hardwiring that meets the latest Canadian Electrical Code. Plus, don't forget to keep an eye on those temporary cords to avoid any potential tripping hazards.

Plumbing, Electrical, HVAC, & Ventilation

Washing Machine Hoses (routine inspection & replacement) - Let's face it, flexible washing machine hoses are often ignored and can become a weak link within your plumbing system. It's something that's out of sight and out of mind for many of us, but it can lead to severe damage if not properly maintained. Did you know that a burst hose can discharge up to 600 gallons of water per hour, causing significant losses and large claims for policyholders? That's why inspecting your hoses frequently and replacing them, as outlined below, is crucial:

- First, visually inspect all washing machine hoses and their connections for signs of deterioration, such as bulges, blisters, splits, corrosion, or leaks. If you notice any of these signs, replace the hoses immediately.
- Next, physically check all hose connections for tightness and inspect the surrounding area for water and water damage signs.
- It's also important to replace all standard rubber and braided hoses that have been in service for five years if you're unsure of the manufacturer's specifications. If you do know the manufacturer's replacement interval, be sure to follow it.

Lastly, consider upgrading to higher-end hose types, such as stainless steel braided hoses or reinforced twin-braided Floodchek Hoses.

Condo Risk Practices (continued)

Plumbing, Electrical, HVAC, & Ventilation (cont.)

Hot Water Tanks (inspection, monitoring & replacement program) - As the likelihood of a catastrophic rupture increases substantially when hot water tanks near the end of their life expectancy, it's crucial to take preventative measures to avoid possible water damage to your building and its contents caused by a tank or component failure. Here are some essential aspects to consider to help you establish a formal and documented hot water heater inspection, monitoring, and replacement program:

- Firstly, establish, implement, and enforce an urgent hot water heater replacement frequency based on age (consider a maximum age of 10 years). Regularly replacing the anode (frequency depends on water quality) can also help prolong the tank's life.
- Secondly, when current hot water heaters require replacement, have the new hot water heater(s) installed on a catch pan that is directly plumbed to a floor drain to avoid any water damage.
- Thirdly, inspect the hot water heater(s) for signs of leaks regularly (at least monthly for heaters under five years old and at least weekly for five years old or older).
- Lastly, ensure everyone with access to the hot water heaters is aware of the water shut-off location in an emergency.

Dryer Vents - Did you know that clogged dryer vents can increase the risk of fire? Yikes! To prevent this, it's best to have a professional clean your vents annually. Also, plastic vents are a no-go. They can melt and catch fire! Make sure to replace them with metal ones.

Heating Equipment - It's always a good idea to have it inspected and serviced once a year. This way, you can catch any issues before they turn into big problems.

Furnace, Boiler, & Mechanical Rooms - Keep combustibles at least 36 inches away from gas-burning heating units, hot water tanks, and electrical panels. Safety first!

Electrical Receptacles & Switches - Best practice is for every month inspect all electrical receptacles and switches. You want to ensure they're in good shape and their protective covers are not damaged and are still in place. This will help prevent accidental electrocution and contain any sparks in case of arcing.

Floor Drains - Consider installing floor drains in your laundry and mechanical rooms. They can minimize water loss in case of a washing machine or hot water heater failure.

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