



Tribe[♥]

3 Common Issues Strata Councils Face.

[+How to Solve Them]



Table of Contents.

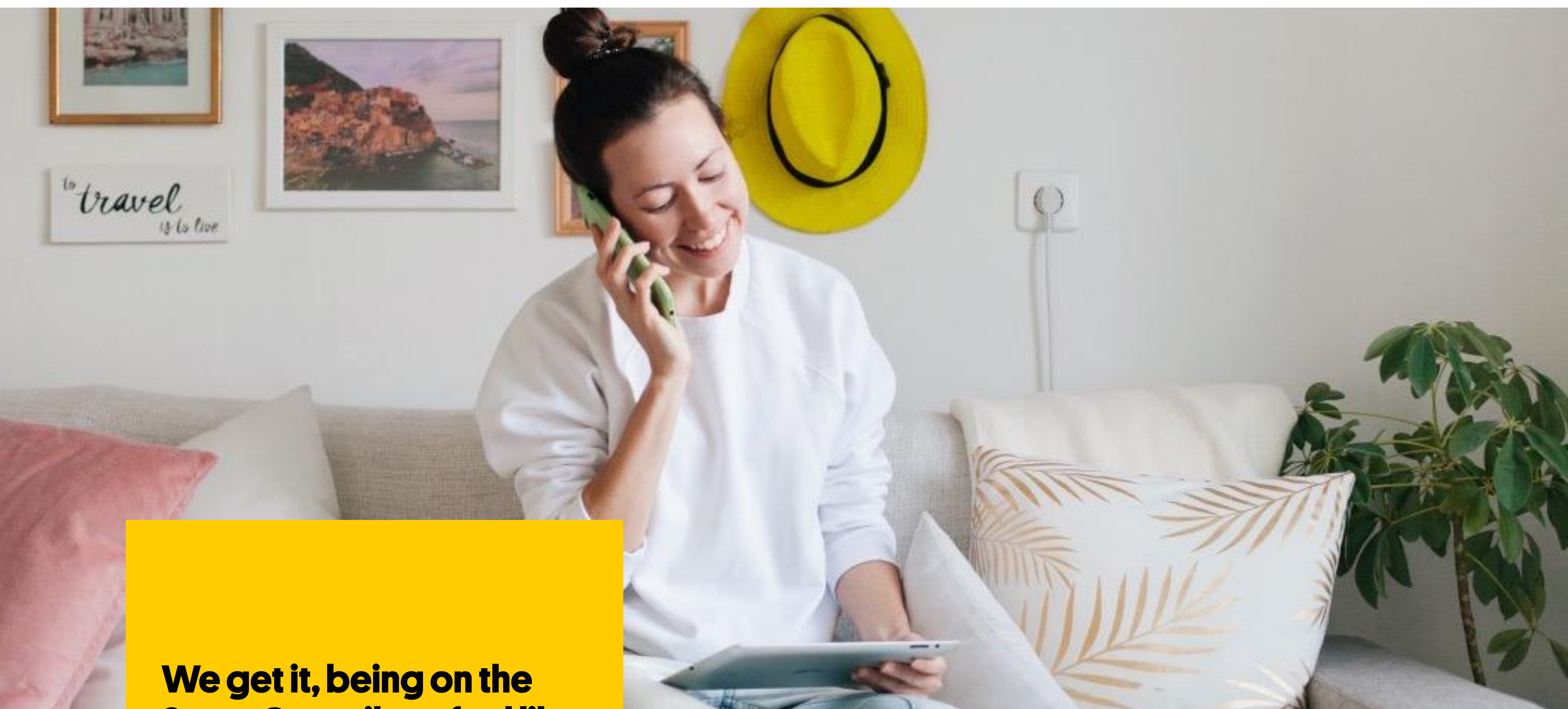
Introduction.	<u>3</u>
Getting Strata Corporation insurance.	<u>4</u>
Building maintenance and getting work done.	<u>12</u>
Understanding the financial position of the Strata Corporation.	<u>17</u>
Bonus – Hosting remote Strata Council meetings.	<u>20</u>
Conclusion.	<u>22</u>

Introduction.

Being on the Strata Council can feel like a constant juggling act, balancing common area issues with Owner concerns, trades schedules, special projects, insurance claims, fees, fines and financials.

Not only does your Council need to be organized with great time management, but you may feel like you need to be a Jack or Jill of all trades!

This is why we are committed to providing you with helpful tips and tools throughout your time on Council. We've prepared some solutions to Strata's most common issues to help you get through the weeds.



We get it, being on the Strata Council can feel like a constant juggling act.

Tip: Don't forget to share this guide with your fellow Strata Council Members!

[Back to Table of Contents](#)

1. Getting Strata Corporation Insurance.

Over the past several months specifically, the insurance industry has seen extreme fluctuations in rates and deductibles, and Strata Corporations have been having to deal with the impact. While it can be hard for us to predict exactly when the market will fully recover, the upward trend of insurance rates points to a low volume of competitors and an increase in natural disaster claims as primary causes of the surging prices.

In fact, BFL Canada's Market Data Summary indicates that there has been a 30%+ supply reduction in recent months and that this decade (2010-2019) has seen the greatest number of losses as a result of severe weather and natural disasters.

For Strata Corporations, this makes identifying what is required (and what is recommended) as far as insurance policies go, even more important.

Here are some best practices to keep in mind when getting or renewing your Strata Corporation insurance:





1.1. Understanding the needs and options for your community.

While [Section #149 in the Strata Property Act](#) states that “Strata Corporations must obtain and maintain property insurance on common property, common assets, buildings [...] and fixtures built or installed on a strata lot,” there are many additional options for your community to consider:

- Flood and water damage coverage. Similar to earthquakes, floods can raise concerns for Strata Corporations in many parts of BC. With the significant damage that flooding can cause, Strata Councils are advised to consider the risks associated with their building and evaluate the need for flood and water damage coverage.
- Directors’ and Officers’ (D&O) coverage. Although D&O coverage is not required by the Strata Property Act, it is a common addition for many Strata Corporations to have. D&O coverage helps protect claims filed against Strata Council Members and governing figures such as Property Managers. Some communities have bylaws that make this addition mandatory.

Note: You may also be wondering...what about earthquake coverage? Great catch! Earthquake coverage is so important that it is often already covered by insurance policies.



1.2. Checking for excess replacement.

While your insurance policy must cover the full replacement value of assets on your property, there may be situations where your insurance limit does not meet the costs associated with the damages. Whether this price difference will need to be paid out of pocket or if it will be covered by your insurance company depends on your insurance policy.

The first step to understanding which option is best for you is to get an appraisal on your building. From here, it's time to start exploring your options with excess replacement:

- **Extended Replacement Cost.** Prior to the market correction, insurance companies have offered close to a 130% Extended Replacement Cost – meaning that if your building was appraised for \$10M, and it was burned to the ground, you would be covered for \$13M. However, as the market continues to harden – with demand increasing, and supply decreasing – it has become more common for insurance companies to move towards a 110% Extended Replacement Clause, covering only \$11M of the aforementioned building.

Note: In addition to the decrease of the Extended Replacement Clause, the coverage of the insurance has also been reduced. Now, excess replacement typically covers only certain major perils such as a fire.




1.2. Checking for excess replacement. (Cont'd)

- Stated Amount. With a Stated Amount policy (which the industry has continually moved towards), you will only be covered for the value of your appraisal. This means that if your \$10M building was burned to the ground, and costs ended up being \$10.5M, you would have to pay the \$500K out of pocket.

With the industry continuing to stay in a hard market (for the meantime), insurers have had to overcorrect it by reducing the Extended Replacement Cost as a minimum requirement. Without these changes, they would not have the capacity to insure everyone.

1.3. Having the ability to top up your deductible.

This is an option that has been recently introduced to our team at Tribe by one of our insurance providers, [BFL Canada](#). Having deductible top up coverage means that you can increase the deductible amount in your community by adding onto your existing insurance policy.



How it works: If your Strata Corporation currently has a deductible of \$250K and your maximum coverage for deductible assessment is \$100K, purchasing the \$150K short fall will allow your community to gain a total coverage of \$250K.

This can help you reduce the financial shock to your community. The best part? You can stay with your insurance provider while shopping around for alternative options.



1.3. Having the ability to top up your deductible. (Cont'd)

With all these different options to consider, it's best to work with your insurance broker to find the plan that is right for you. You can invite your broker to attend an in-person or virtual Strata Council meeting to explore these options and have it explained by a true expert in the industry.

[Psst! Want to know how to run a successful online meeting? Check out our article on [5 tips for running virtual Strata Council meetings.](#)]

A common question we hear about strata insurance is: "What does Strata Corporation Policy cover and what does Individual Policy cover?"

According to BFL Canada:

- Strata Corporation Policy covers all property within property boundaries. This includes "common property, common assets and buildings" as shown on Strata plans. Strata Corporation Policy insures both original fixtures that were placed at the time of construction as well as "new additions, extensions, attachments and services" when included in the appraisal (subject to policy exclusion).
- Individual Policy covers all items on personal property (that are in a unit or storage locker on-premise), additional living expenses (that may arise in the event of an insured loss), betterment & improvements (such as renovations), strata deductible assessments (to cover losses and damages) and personal liability (for injury).



1.3. Having the ability to top up your deductible. (Cont'd)

- Individual Policy covers all items on personal property (that are in a unit or storage locker on-premise), additional living expenses (that may arise in the event of an insured loss), betterment & improvements (such as renovations), strata deductible assessments (to cover losses and damages) and personal liability (for injury).

Note: As BFL states, most policies cover personal property even if it is temporarily taken off strata premise, such as when travelling on vacation. In most cases, this includes personal liability as well.

Once you've decided on the plan that is best for your community, it's important to work with the Owners in your building to manage any risks.

Here are some quick and easy tips:

- Confirm that Owners know where the water shut-offs are in their units. This will allow them to quickly turn off the water if there is ever a leak in your building.
- Remind Owners to be fully attentive to running water or heat. As advised by our Insurance Provider, it is important to avoid using the dishwasher or washer when you are not home to monitor it. This also goes for pots and pans on cooking elements. It takes very little smoke to ensue to set off the sprinkler system. Once the sprinkler system is activated, it will cause large amounts of damage to your building. Worse yet, a large fire to break out, destroying the entire building.



Here are some quick and easy tips: (Cont'd)

- Check that all units use braided steel hoses. This will help reduce the risk of water damage in your building as faulty rubber hoses that are stored in tight areas often cause significant damage.
- Suggest that Owners use the proper type of soap. Given that the Lower Mainland has soft water, soap lathers relatively easily. Using the correct types of soap can prevent blockage in pipes caused by dishwashers, washers and laundry machines.
- Communicate rules for in-suite activities that may pose as fire hazards. This includes any activities such as barbeques on the balcony to heating equipment throughout the building.

Note: According to BFL Canada, throwing cigarette butts in planters also serves as a common cause for many fires.

- Remind Owners to avoid dumping cat litter in the toilet. You read that right! While the toilet is a convenient place to discard cat litter, it is one of the most damaging. As cat litter mixes with water, it turns into concrete (crafty...yet dangerous).

While these are all ways for you and your fellow neighbours to help your community, the government is also doing its part by looking into implementing more regulations to monitor strata risks. This includes asking for a potential increased compliance on regular maintenance (for older buildings) and emphasizing the need for Owners to uphold their individual responsibilities to take care of their units.



Here are some quick and easy tips: (Cont'd)

If you're with a Property Management company, your Property Manager can help you work with your current insurance broker to discuss the process of getting Strata Corporation insurance.

Although the past few years have shown increasing rates, we're confident to say that the market will eventually open up again. With insurers constantly pulling out of and coming into the market, there will come a time where Strata Corporations will be able to receive quotes from multiple providers. However, currently, as of June 2020, we are still in an extremely volatile market that has yet to plateau.

In our experience at Tribe, we've stayed in close communication with our Insurance Providers – BFL Canada and Hub International. They've kept us up-to-date – educating us on insurance best practices and always recommending ways we can minimize our financial risk. We pride ourselves in keeping informed and being able to help educate our clients.

2. Building maintenance and getting work done

Is it the responsibility of the Strata Council or the Property Management Company to organize the maintenance of the building? As usual in Property Management, the answer is not all black and white. There are responsibilities that fall under the Owners and then there are other responsibilities that fall under the Strata Council.

Let's take a minute to recognize the responsibilities that fall into the hands of Strata Councils and the Owners.





2.1. Common area work is the responsibility of Strata Councils.

This includes areas such as the lobby, hallways, elevators and recreational amenities. While it is the responsibility of the Strata Council to maintain the common area of a community, they should be aware of possible delays in maintenance due to global supply chain issues.

2.2. In-suite work is the responsibility of Owners.

This includes anything within the four walls of your unit.



Tip: A good question to ask your fellow Strata Council members is whether your Strata Council is responsible for certain safety features in units. This includes replacing smoke detectors and upgrading rubber hoses to braided steel. For some communities, Strata Councils have transferred these responsibilities to Owners by stating it in the bylaws.

Now to help your Strata Council get work done efficiently, consider creating a detailed maintenance calendar. This will not only help your Strata Council document which projects you will pursue, but also provide you with the information to clearly communicate to your community.

2.2. In-suite work is the responsibility of Owners. (Cont'd)

To make an effective calendar, include the following:

- **When maintenance will occur.** This will provide Owners and Residents with a notice of when they should be anticipating more people, equipment and noises in the building. It's better to give them a warning in advance than to have them surprised at the time of the crew's arrival.
- **Where maintenance will take place.** This dictates which areas will be set as "off-limits" and which areas should be avoided or approached with more caution. Remember, physical distancing may still be expected
- **The frequency that maintenance will happen.** This will prepare your community for projects that may take place over a period of time. You want to be clear about establishing the frequency right away, so Owners and Residents don't file complaints telling you they weren't aware.



3. Understanding the financial position of the Strata Corporation.


Financials serve as the backbone to every Strata Council. This means that having a good understanding of the financial position of your community is essential to helping you support your neighbours.

If you're working with a Property Management company, your Property Manager is responsible for communicating with you and helping you understand the needs of your Strata Corporation.

Some helpful questions to ask yourself to ensure you and your Property Manager are aligned include:

- Have I met with the accounting team from my Property Management company?
- Do I know who I would be working with to discuss my financials?
- Have I run through my financials with the Property Management company to check that I understand them?





At Tribe, we are dedicated to taking care of the financials of all our communities. We treat them like our own and offer guidance to support our clients. Here are some of the best practices we follow, and that you should make sure your Property Manager follows as well.

3.1. Reviewing financial information.

Rather than waiting for invoices to pile up and for mistakes to carry over, we help recognize and address issues as soon as they come up. We prepare financial statements for our clients every month and work with our Strata Councils to ensure they read through the reports and ask about anything they don't understand.

3.2. Encouraging clients to ask questions early.

Knowing how to read financials is not a natural skill that everyone has been born with. The best thing to do if you're unsure, is to ASK. Don't be afraid to reach out to your Property Manager.

At Tribe, we're here to help. With our clients, we offer one-on-one calls with our accounting department to help walk through the financials of your community. If you aren't currently a Tribe client and have questions about your financials, reach out and we'll be happy to chat with you.

3.3. Promoting financial transparency.

Nothing beats a well-run Strata Corporation like an extra pair of eyes – especially when it comes to financials. You should work with your fellow Strata Council Members to ensure that everyone has a similar understanding of your community's financial position.



3.4.1 Keeping everything in a safe place.

Having a secure, yet easy-to-access place to store your community's financials is key. At Tribe, we provide our clients with a Community Documents section on our Tribe Home Community Platform to ensure that everything is taken care of.

3.4.2. Community Documents.

Community Documents is a section specific to your community where Owners can access files and folders relevant to your building, such as financial statements and meetings minutes. You can adjust the privacy settings on each folder – making it safe, secure and all in one place.

Like we mentioned earlier, our accounting department at Tribe is pretty amazing (and we truly mean it). Their mission is to help make sure our Strata Councils understand the financial position of their communities and maintain control of both cash flows and financial assets. They provide clear financial statements, proper banking procedures and trusted advice.

As a Property Management Company, our Managers (which we refer to as “Community Managers”) are happy to serve as trusted advisors. We listen to the needs of your community and put you in touch with experts on our team to help you gain the knowledge you need – whether it be financials or any other tasks you need help with.



[Bonus Point]

We know these three issues aren't the only challenges Strata Councils face but covering them all in one article would be impossible!


However, here's one more quick thought before you go. Remote Strata Council meetings have continued to be a hot topic of discussion, and we want to provide you with some extra help in this area.

4. Hosting remote Strata Council meetings

In recent times, the world has made major advancements in technology and continues to do so. With the ease of technology, businesses and educational institutions have shifted to going digital, and the strata world is no exception.

Strata Council meetings may continue to take place remotely if your Council chooses. [Standard Bylaw #17](#) outlined in the Strata Property Act permits meetings to be held by electronic means at the option of the Council.

To assist you and your fellow Strata Council Members with your next online meeting, we have put together a blog post on [5 Tips for Running Virtual Strata Council Meetings](#).



We're flexible with our method of remote meeting delivery and prefer to find a medium where everyone feels comfortable! We enjoyed hearing how our communities felt about online meetings - in fact, during a survey of Tribe clients, 60% of them said they would consider virtual meetings , which is why our team has adapted to the needs of our clients and continues to offer online council meetings.

Conclusion: We're here to help!

By now, you may have picked up a few useful tricks and tools to help you and your Strata Council serve your community. Whether it be understanding the many options you can pursue to optimize your insurance policy, establishing a clear plan for building maintenance or learning best practices for managing financials, we hope you feel more supported.

Being a part of the Strata Council comes with a lot of responsibility but know that you aren't in this alone. It is your Property Management Company's job to help guide you.

At Tribe, we're Strata Management specialists – committed to helping our customers integrate cutting-edge solutions for everyday issues. We strive to build positive long-term relationships and work to provide Community Management with Heart. If you're interested in learning more about who we are and how we can help, [feel free to get in touch!](#)



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