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Condominium Law Update

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Condominium Insurance - Considerations in Coverage

Condominium Law Update

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INTRODUCTION

Condominium Corporations must obtain insurance coverage. While the *Condominium Property Act*, RSA 2000, c C-22 (the “Act”) and *Condominium Property Regulation*, AR 168/2000 (the “Regulations”) detail coverage requirements, there are many issues and matters for which the legislation is silent. These may result in disputes after the loss has occurred, leaving the Board and unit owners struggling to resolve difficult, and sometimes costly, disputes.

At the time of writing this paper the Government of Alberta continues to review possible changes to the statutory regime via amendments to the *Regulations*. As the final result of this process remains unknown, this paper reviews condominium insurance issues generally, and considers some of the more difficult questions that have arisen since the passing of the Act some 18 years ago.

CONDOMINIUM INSURANCE – GENERAL ISSUES

When the current form of the Act was proclaimed to be in force on September 1, 2000, the insurance requirements and obligations of condominium corporations were broadened and increased. Coverage was mandated for specified perils as set out section 47 of the Act and section 61 of the *Regulations*. Sections 47-48 of the Act and sections 61-62 of the *Regulations* are attached as Appendix “A” to this paper for convenience.

As Master W. S. Schlosser noted in *Condominium Corporation No 0524877 v Bonner*, 2015 ABQB 309, at para. 25, “Section 47 of the Act requires the Condominium Corporation to insure. There is a reason that this section is detailed. It goes on for over two pages.”

Generally, the Act obligates condominium corporations to obtain insurance for the benefit of all owners, including all of the common property, property owned by the condominium corporation and property comprised in “conventional” units insofar as fire and other risks are identified in the Act and *Regulations*. Section 47(1) addresses the insurance requirements for different types of condominium corporations (conventional and bareland). Further, section 47(1) of the Act provides that for the purpose of maintaining insurance the condominium corporation has an insurable interest in not just the common property, but also the units.

As set out in section 47(3), condominium insurance must be for full replacement cost value with no deduction for depreciation. The coverage is also required to be “first loss” insurance (see section 47(6)). Further, all policies must include directors and officers liability coverage (see section 46(7)).