



MITIGATING RISING STRATA INSURANCE

CapriCMW

CUSTOM INSURANCE SOLUTIONS



UDI Webinar – April 16, 2020





Current Marketplace

REASONS

- Record catastrophic losses globally
- Escalating claims costs in Strata Corporations



IMPACT

- Reduced capacity
- Increasing rates
- Increasing deductibles

Condo Insurance - CapriCMW

- We had program for 20 years
- 1 of 3 program providers in BC
- 2,000 Strata s covering 90,000 units

The Condo Problem

- Insurance Market
- Poor loss experience in Residential
 - *Water Damage – leading cause of claims*
 - *Industry wrote with to low deductibles*
 - *Customers used as maintenance*
- Years of underpricing and competition
- West Coast E/Q & Increased Regulation
- Increases cost of claims
 - *Open concept/Materials used and costs / Regulation*



Underwriting Factors

- Construction Types: fire resistive vs frame
- Value of Building: high value = reduced capacity
- Age of Buildings / Building Upgrades
- Catastrophic Exposure: Flood / Earthquake / Fire
- Loss Ratio / Claim Frequency and Severity

Claim Examples

Construction	Description	NET LOSS	Year
Frame	Large fire in the building and many people are displaced. Source was cigarette thrown into dry planter on balcony.	13,915,423.39	2015
Frame	Fire - started in a recycling bin that was full of paper possibly someone either started fire/tossing cigarette in bin. (No possible subrogation)	5,521,709.53	2015
Frame	Fire damage - smoking material: the tenants left cigarettes in a glass jar that was not tempered glass and it broke, started patio table on fire (no subro possible)	5,325,000.00	2017
Frame	Fire started unit #58 deck. 2 possible COL - tenant's BBQ heated 2 planters/caught fire or tenant using planter box as ashtray/smoldering cigarette in planter box caught fire.	2,882,500.00	2017
Frame	Fire - unable to determine. Wiring was examined & confirm not the cause. Could be cause by smoking material, but tenants deny they smoke. (No subrogation possible.)	2,662,728.97	2015
Frame	Fire due to smoking materials left on the patio/deck by tenants (no subrogation possible 1/2019)	2,006,379.26	2018
Frame	Extensive damage from fire to a four plex. Fire originated in unit #122. (arson)	1,295,142.75	2016
Other	Water dripped on transformer causing flash fire in transformer. Transformer stopped working and all power was cut in the entire complex.	1,150,768.52	2017
Frame	#703 Fire Damage	979,950.34	2018
Frame	Unit #25 Fire - tenant lit a fire - chimney stack hyper-heating the wood framing over time which ignited	775,390.23	2017

Claim Examples

Construction	Description	NET LOSS	Year
Frame	Cause of loss after Fire investigator attended appears to be discarded smoking materials on the 4th floor common roof deck. (smoking is prohibited) (no avenue for subrogation)	757,148.00	2018
Frame	Fire.	739,613.61	2016
Frame	Flood damage to dock	705,000.00	2017
Frame	Burst Water Main 2nd floor common hallway ceiling	680,088.42	2017
Frame	Wild Fire - Caused damage to two buildings.	647,887.82	2015
Other	Water damage - unit owner #1902 mistakenly hit the sprinkler head in their bathroom while using the towel to dry off. (no possible subrogation, unit owner did damage)	636,675.02	2018
Other	#705 Water damage - sprinkler - tenant hung object on sprinkler head - and report says sprinkler pipe was brittle and broke in the wall - combo both - no subro opportunity -	599,692.00	2018
Other	Water Damage - sprinkler head deployment. Tenant used sprinkler head in the bedroom to hand a speaker - it popped off. (no possible subrogation, as tenant cause damage)	558,564.00	2019
Other	Water Damage - Valve seal. Adjuster has commenced subrogation against contractor	528,736.95	2017
Frame	Fire. - accidental kitchen fire. Owner was cleaning stove before leaving the house and accidentally turned on the element. The head eventually caused a fire.	518,391.83	2016

Water Damage

- \$27,059,384 in claims 2018 & 2019
- Water Damage made up 66.8% of claims payments in 2018 & 2019
- This was split evenly between wood frame and fire resistive construction

Water Damage is a major contributor to the loss picture



What can you do?


- Sprinkler systems throughout
- Ensure high FUS (Fire Underwriters Survey) rating at development site
- Water Flow Meters/Water Leak Detectors
- Drains in bathrooms and under appliances
- Appliance supply line
- Sprinkler head protection
- Easy access to water shut off valves in each unit



What can you do?

Welcome Package/New Owner Education

- Location and use of water shut offs
- Manuals for appliances & list of certified technicians
- Building system limitations
- Maintenance Reminders



GIVING YOU THE
CONFIDENCE AND
THE **FREEDOM** TO
FOCUS ON WHAT
MATTERS TO YOU.