

Consultation on condominium insurance ChAD comments to help professionals and better protect the public

Montréal, November 2, 2018 - The Chambre de l'assurance de dommage (ChAD)—an organization whose sole mission is to protect the public by overseeing the compulsory professional development and ethical conduct of agents, brokers and claims adjusters—has submitted its comments to the Ministère des Finances regarding the consultation held prior to proposed regulations on condominium insurance.

"Unreasonable deductibles, the amount required for the self-insurance fund, coverage for ordinary risks, the complexity of the claims settlement process: the issues impacting syndicates of co-ownership and co-owners raised in the consultation are many, and they are significant," says Jannick Desforges, Acting President and CEO of the ChAD. Given the growth of this type of housing in Quebec, the ChAD points out the need to establish clear rules quickly.

"If professionals could rely on explicit rules governing condominium insurance, we could avoid many undesirable situations. It is the duty of professionals to advise the insured in order to offer them adequate protection," adds M^e Desforges. In addition to the questions dealt with in the consultation, the ChAD also points out the need to simplify the claims management process, a pressing question that needs to be addressed in the future regulatory framework.

Summary of ChAD comments

Q1 Minimum amount of liability insurance: Has the minimum amount of \$1 million usually offered proven to be sufficient to date? An analysis of this subject would make it possible to make an informed decision as to the minimum amount to be determined. If a higher amount were to be imposed, doing so should not make the cost of protection prohibitive. Such insurance should also be mandatory even if the co-owners no longer occupy the unit or rent it out.

Q2 Minimum contribution to the self-insurance fund: The regulation needs to be based on simple and objective factors to make it easy for everyone to apply it. The ChAD proposes that this fund contain at least twice the amount of the deductible provided for in the "syndicate" insurance policy and that the co-owners have two years to replenish this fund should it fall below this threshold.

Q3 Reconstruction amount appraiser: The appointed appraiser must be trained and supervised by a professional order, hold professional liability insurance for such a deed and be independent of the insurer, syndicate and condominium manager.

Q4 Unreasonable deductible: The criteria for determining the deductible must consider the number of units and be easy to establish (e.g., not exceed a certain small percentage of the cost of reconstruction). These criteria must be determined now in order to avoid uncertainty, which could lead to undesirable situations involving the protection of the public.

Q5 Automatically covered risks: The ChAD considers water damage risks to be ordinary risks. A list of these risks will clarify the obligations of co-ownership syndicates. Incidentally, the ChAD is concerned that insurers may exclude them.

Q6 Criteria for a significant loss: It would be important that any regulation establishing the criteria for qualifying a loss as "significant" be immediately aligned and harmonized with the applicable municipal and zoning by-laws, in order to prevent the loss of co-owners' assets.

Other issues raised by the ChAD: Which ministry will be responsible for the application of these provisions? What measures will be implemented to simplify the claims management process?

Finally, the ChAD will work actively to implement this new regulation with the professionals that it oversees. It also stresses that it would be appropriate for all stakeholders (consumers, insurers and insurance professionals) to be made aware of the planned provisions and understand all the specifics of their roles in order to facilitate their implementation.

It should be noted that Bill 141,¹ passed on June 13, 2018, amended certain provisions of the *Civil Code of Québec* in order to update the law applicable to condominiums, and that the entry into force of certain sections is dependent on the adoption of regulations by the government.

[To learn more](#)

About the Chambre de l'assurance de dommages

The mission of the Chambre de l'assurance de dommages is to ensure the protection of the public in matters related to damage insurance and claims adjustment. It oversees the compulsory professional development and the ethical conduct of over 15,000 damage insurance agents and brokers, as well as claims adjusters; and provides preventive oversight and enforces discipline on individuals working in these fields.

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¹ An Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions.