



Your Rising Insurance Rates

How working with a qualified consultant could help lower premiums

From floods and hailstorms, to inadequate building maintenance, your insurance rates are impacted by several factors—not all of which are in your control. For apartment building owners today, it's a tough market...and it's only getting tougher.

Michael Blackman, Regional Manager and Principal at RJC Engineers, Kelowna, points to poor building maintenance and sub-par construction as primary causes for the dramatic increases we're seeing. Citing a recent study by the BC Financial Services Authority, he notes: "Insurers are incurring losses mostly from minor claims [due to] poor building maintenance practices and initial construction quality issues."

Additionally, as climate change affects weather patterns, causing more major weather events to strike globally each year, it seems likely that property owners will face additional rising insurance rates.

Overall, the impact to property insurance is a tough pill to swallow, especially for those doing everything right.

"I've found it helpful to understand the insurance industry as a whole," he says of the complex world of underwriting. "The funds that support insurance are broadly shared. For example, fire, flood or hurricane losses in other parts of the world are often underwritten by the same entities that underwrite

Strata flood or property damage losses. An increase in losses elsewhere, impacts the whole industry."

Depending on several variables, including underwriting entity, claims history, location and other drivers, the impacts can be broad. But one thing building owners can do to keep insurance premiums down as much as possible is to ensure their building assets are in the best possible shape.

"Working with a reputable consultant, such as RJC, can assist in several ways," he says. "Consultants are trained to understand and solve the right problems. By doing so, we can help define and limit what needs to be done. This helps keep overall costs down on your project, and your neighbour's project—keeping in mind that insurance is underwritten by a few common entities."

Working with a consultant can also help your building by showing the insurance industry that it is well maintained, and therefore arguably of lower risk. "By reviewing your envelope and addressing known potential issues, you can not only maintain or improve the shared value of your asset, but you can reduce the need for urgent response, such as what happens with a flood or roof leak," he says.

In some cases a building owner may have had reports completed, but not acted on the findings therein. "The insurance industry is aware of this and can request these reports," he warns. "If the findings and recommendations are significant, but not acted upon, building owners can expect their costs for insurance to go up or even to be denied coverage given it puts them in a more risky group than those that have followed through on their maintenance and repairs."

So, what can apartment building owners do to secure the best insurance rates?

Blackman says there are a few avenues worth exploring.

"First, work with a reputable insurance broker. Second, stay on top of building maintenance and repairs. Ask the right questions. Did the findings of the report commissioned get actioned? If not, ask for follow-up. Third, if a tenant is having an issue with his or her unit, address it. These are community buildings, and with engaged community members, they run a lot better."

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