



RESIDENTS OF CYPRESS RIDGE

INSURANCE

As you all may be aware, Strata Corporations are facing high increases in insurance policies. Please see attached a market update from your strata's insurance provider, BFL. You will also see the strata's insurance summary attached to this notice. Please bring this to your home insurance provider to ensure you are covered for the deductibles under your home owner's policy. As per your strata corporation's bylaws, bylaw 31, an Owner would be responsible for paying the deductible portion if the damage originated from their strata lot.

If you have any questions regarding this, please contact your strata manager at cegersperger@davinltd.com.

THANK YOU

SINCERELY, YOUR COUNCIL LMS 4529



BFL CANADA Insurance Services Inc.
1177 West Hastings Street, Suite 200
Vancouver, British Columbia, V6E 2K3

Tel.: 604-669-9600
Fax: 604-683-9316
Toll Free: 1-866-669-9602



Strata
PROTECT

SUMMARY OF COVERAGES

Named Insured	The Owners, Strata Plan LMS4529, acting on their own behalf or as a Strata Corporation &/or as Trustees or Agents on behalf of all Registered Unit Owners
Project Name	CYPRESS RIDGE
Property Manager	Davin Management Ltd.
Policy Period	October 31, 2019 to October 31, 2020
Policy Number	BFL04LMS4529
Insured Location(s)	11860 River Road, Surrey, BC V3V 2V7

INSURING AGREEMENT	DEDUCTIBLE	LIMIT
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PROPERTY (Appraisal Date: November 1, 2018)

All Property, Blanket By-Laws.		\$19,277,000
175% Extended Replacement Cost		\$33,734,750
Property Extensions		\$5,000,000
Lock & Key	\$250	Included
Additional Living Expenses - \$50,000 Per Unit		Included
All Risks	\$5,000	
Sewer Backup	\$10,000	
Water Damage	\$10,000	
Earthquake (Annual Aggregate not to exceed \$ 33,734,750)	5%	
Flood (Annual Aggregate not to exceed \$ 33,734,750)	\$25,000	
Gross Rents, 100% Co-Insurance, Indemnity Period (Months) :	N/A	Not Covered
N/A		

CRIME

Employee Dishonesty - Including Property Manager and Elected Officer Theft	Nil	\$1,000,000
Broad Form Money and Securities	Nil	\$10,000

COMMERCIAL GENERAL LIABILITY

Bodily Injury & Property Damage	\$500	\$30,000,000
Non-Owned Automobile	\$500	\$30,000,000
Sudden and Accidental Pollution	\$5,000	\$1,000,000

CONDOMINIUM DIRECTORS & OFFICERS LIABILITY

Claims Made Form - Including Property Manager	Nil	\$20,000,000
Privacy Event Expenses	Nil	\$50,000
Cyber Liability	Nil	\$50,000

BLANKET GLASS - Includes Lobby Glass

Residential	\$500	Blanket
Commercial	\$500	
Canopy	\$1,000	

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EQUIPMENT BREAKDOWN

Standard Comprehensive Form including Production Machines and Electronic Equipment	\$1,000	\$19,277,000
- Deductible Waiver Endorsement with respect to losses exceeding \$25,000		
Extra Expense – 100% available in first month	24 Hour Waiting Period	\$1,000,000
- Additional Living Expenses Endorsement - Per Unit		\$25,000
Loss of Profits – Rents, Indemnity Period (Months): N/A	N/A	Not Covered

ENVIRONMENTAL LIABILITY

Each Incident - Insuring Agreements A-G	\$10,000	\$1,000,000
Business Interruption, Each Incident - Insuring Agreement H	5 Days	\$250,000
Policy Aggregate		\$5,000,000

VOLUNTEER ACCIDENT

Maximum Limit of Loss	See Policy Wordings	\$1,000,000
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LEGAL EXPENSES

Each Event	Nil	\$1,000,000
Annual Aggregate.		\$5,000,000

TERRORISM

Per Occurrence.	\$1,000	\$350,000
Annual Aggregate		\$350,000

Loss Payable

All Registered Unit Owners &/or other Mortgagees as their Interest may appear and as shown in the Land Registration District Office applicable to the said Property.

This record sheet is intended for reference only. Please refer to your polic(ies) for complete details.

MARKET UPDATE

NOVEMBER 2019

Your insurance team is working hard on your upcoming renewal that is due in the following months. This guide is intended to help present some insights and provide useful tips in preparation for your renewal.

Current market situation

2019 has presented numerous challenges for the insurance industry, specifically for the apartment, strata and condo class of business.

One of the most significant challenges facing this class today is simply the lack of available property insurance capacity. Poor global and local industry performance has led many insurers to stop insuring this class of business altogether, or alternatively to greatly restrict their involvement in this class of business.

What this means for your upcoming renewal

We are entering uncharted territory as we navigate this hardening market. Some properties with higher risk profiles are facing a significant reduction of coverage with the application of **high property deductibles** or in some extreme cases property policies with **loss limits**.

A loss limit caps the total amount of insurance proceeds available after a loss to the loss limit provided, or put another way, there is not enough capacity available in the marketplace to provide insurance for the full replacement cost.

While we understand and appreciate that policies containing a loss limit do not meet the requirements of the Strata and Condo Acts across Canada (as they restrict property policy limits to less than the full replacement cost value), it becomes a choice of the lesser of two evils: no insurance or potentially not enough insurance.

Do I have a high risk profile?

The insurance market is fluid and, as companies refine their risk appetite, available capacity shifts. The following exposures currently present unique challenges and are considered to have a high risk profile:



Wood frame buildings, especially non-sprinklered.



Buildings in high hazard zones. Many regions across Canada present unique challenges due to exposures like hail zones, poor fire protection or disaster modeling.

For example, in the BC Lower Mainland, earthquake modeling identifies higher areas of concern due to earthquake in Richmond, Delta, New Westminster and parts of Vancouver.



Older buildings with no updates. As buildings get older, building systems such as roofs, piping, heating and electrical start to fail and increase the chance of loss.



Properties with high values. As a building's value increases there is a much higher chance of the market simply not having adequate capacity. As many as 10 insurance companies could be required to place a single individual property policy.



Properties with poor loss record. Your 5-year loss record is more critical now than ever before. Frequency and/or severity issues could have a very large impact on your renewal results.

BFL CANADA Market Update - November 2019

Our role as your insurance broker

We work for you. It is our job and responsibility to approach all insurance companies that may consider quoting your property as we try to secure the most favorable renewal terms. As Canada's largest broker of apartments, and strata and condo corporations, we not only have an intimate understanding of the appetite of insurers in this class of business but also, the premium base to maintain contracts with a broad range of carriers.

Should I get another broker working on this, just in case?

Once a broker approaches an insurance company, most companies will not provide terms to another broker. As a result, approaching more than one broker in a market that has already seen major restrictions could result in significantly less favorable terms, or neither broker being able to quote at all.

Our strong recommendation is to select one broker and allow that broker full access to the market.

We will canvass the entire marketplace, but if sufficient capacity does not exist, your renewal may be subject to a loss limit and/or other policy restrictions.

Next steps

We will continue to work on your renewal and your team will keep you up-to-date on our progress. At the end of our marketing exercise we will provide you with the best terms available in today's marketplace.

It is our intention to place full value insurance coverage for the upcoming renewal, however we want to give you advance notice of the challenges the industry is facing and provide ample time to review your options.

Talk to us

Questions can be sent directly to your service team.

Contact us

1-866-669-9602 | 604-669-9600
realestate@bflcanada.ca

For more information on our people and our services: bflrealstate.ca

GOOD PEOPLE. GREAT COVERAGE. PEACE OF MIND.



REAL ESTATE DIVISION

1177 West Hastings Street, Suite 200
Vancouver, British Columbia V6E 2K3



MARKET INSIGHTS

September 2019

Property Insurance Premiums for Stratas and Condos Continue to Rise

Availability of Insurers and Rates

Multi-family dwellings continue to experience the most significant insurance capacity challenges as we head into the second half of 2019. At the end of 2018, we started to see insurance companies require increased insurance rates for strata and condo business.

There were two main reasons behind these increases

- 1 Increased catastrophe related claims affecting the global community.**
Incidents such as hurricanes and wildfires are on the rise. Most, if not all, insurance companies were affected which forced them to examine their lines of business with more scrutiny.
- 2 Increasing poor performance for the strata and condominium sectors.**
With more scrutiny being deployed into the strata/condo market, insurers are continuing to examine performance.

Updated 2018 Industry Statistics

- **Lloyds of London** reported a second consecutive year of losses with a combined loss ratio of 104% with major claims costing £2.9bn
- **Major natural catastrophes** included Hurricane Florence in Bermuda, Hurricane Michael in Florida, Typhoon Jebi in Japan, and Wildfires in California
- **Californian wildfires** caused \$18 billion in insured losses in 2018
- **Tornadoes** that ripped through Ottawa-Gatineau area cost the industry \$300 million
- **Total insured damage across Canada** for 2018 was \$1.7 billion
- **Property and casualty insurance payouts** in Canada have more than quadrupled in the last 9 years to an average of \$1.8 billion.

Residential Real Estate at a Glance

- \$50K+** avg loss: An average loss has now increased to over \$50K.
- 1 in 3** stratas/condos will have a claim.
- 54%** of losses claimed are over \$100K.

Impact on Insurance Companies

With declining performance, insurance companies continue to review their business and make changes to their guidelines to improve performance and reduce risk.

To Improve Performance

We are seeing the following examples of underwriting restrictions being used:

Strict Underwriting Standards

- Insurers tighten their underwriting guidelines needed to rate risks accordingly. ie: If a property is over 25 years old, when was the roof replaced? If never, a surcharge may apply.

Increasing Rates

- A larger premium base is required for insurers to continue to support the strata/condo industry.

Higher Deductibles

- Higher deductibles are being imposed both as a minimum and for properties with loss experience.

Risk Classification

- Building construction is examined and rated accordingly. Wood frame properties are seeing higher increases due to a rising trend in large fire losses for this class of building.

To Reduce Risk

Reduce Exposure

- Insurers reduced their overall exposure by restricting their involvement especially in high hazard areas.

Withdraw from Writing Business

- We have seen several insurance companies withdraw from writing strata and condo business meaning less selection in the broker process.

What this means to Strata and Condo Corporations



Continued increase in premiums and deductibles into 2020.



Possible delays receiving quotes as we canvass the insurance market for the absolute best terms available.

Contact our Claims Department
1-866-669-9602 | After Hours Emergency: 1-866-938-5691
realestateclaims@bflcanada.ca

For more information on our people and our services: bflrealstate.ca

BFL CANADA'S GOT YOUR BACK COMPLETE PEACE OF MIND

Despite challenging insurance market conditions, the BFL CANADA team continue to place a significant portfolio of stratas and condo corporations across the country. This placement allows us to use our market leverage to negotiate the very best terms available for you.

In order for us to provide you with complete peace of mind our focus remains on our three core elements.

Good People

90 Skilled Strata/Condo Insurance Experts

With a team of 90 skilled Strata/Condo professionals we help you navigate through the insurance renewal process.

Before

Budgetary Guidance. Contact your service team representative and we'll be happy to help with setting realistic budgets.

Shop for your quote. We do all the shopping and negotiating with over 40 insurance companies.



Watch a short video explaining what we do.

Quote

After

Insurance guidance. Once you receive your quote we will help you understand your terms and will answer any premium or coverage related questions.

Help explaining to the ownership. We can attend a council meeting or AGM to help explain the insurance to the ownership.

Great Coverage

No. 1 Strata/Condo Program

Our specialized program is number 1 in the country for good reason. We have been insuring stratas and condos for over 40 years and continue to offer our strata and condo insurance program designed right here in Canada. More stratas and condos buy insurance from BFL CANADA than any other broker.

Stress Free Claims

24/7 Claims Concierge Services

We believe insurance is only as good as the claims it pays for. That is why we spend countless hours designing the right policy for you. Then, in the unfortunate circumstance of a claim, as a BFL CANADA client you have access to our 24/7 Claims Concierge service. Our team provides expert guidance to help you navigate the complexities of strata/condo legislation.

Contact our Claims Department
1-866-669-9602 | After Hours Emergency: 1-866-938-5691
realestateclaims@bflcanada.ca

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