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## Insurers pushed away by concerns over shoddy condos in Canada

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Rising claims for water damage in condo buildings and inadequate regulation have led insurance companies to refuse new clients or demand higher premiums for coverage, adding fuel to concerns about quality in Canada's fastest-growing housing segment.

In March, Aviva Insurance Company of Canada stopped taking on new business from condo corporations in Quebec, citing rising claims and weak legislation that allows owners to set aside insufficient amounts to cover repairs and maintenance, spokesman Glenn Cooper said this week.

"Due to lack of regulation and an increasingly high amount of claims in the space, we would be unable to achieve an adequate premium," Cooper wrote in an email.

Ontario and Quebec are expected to introduce new legislation over the next few months to reform outdated provincial condo laws that critics say do not go far enough to prevent quality problems as condo buildings age.

Other insurance companies are being more restrictive about which condo corporations they will service, and the cost of coverage is rising.

"We know it's a growing problem across Canada," said Toronto attorney Armand Conant, who heads the condo department of Shibley Righton LLP. "Premiums are going up and in Ontario people are concerned."

A survey in January of 700 Quebec condo corporations by an industry group found that 55 percent changed insurers over the last five years because of higher premiums, while 13 percent were refused a renewal by their insurer.

Rising prices for single-family homes in large cities, combined with Canada's reputation as a safe haven from global financial storms, have driven condo development in Toronto, Vancouver and Montreal, attracting young professionals, aging boomers, and investors spooked by stocks, bonds and foreign banks at risk of failure.

Yet cases of shoddy construction in Canada's largest city, Toronto, have led to lawsuits and high repair costs for problems such as water leaks, with premiums and insurance deductibles expected to grow further.

Water, the number one cause of damage, has already led to deductibles as high as C\$100,000 for certain condo corporations in Vancouver.

"We need to improve quality of construction and ensure repairs and preventive maintenance are rigorously done by the condo corporation," Pierre Babinsky, a spokesman for the Insurance Bureau of Canada, said in an email. (Additional reporting by John Tilak in Toronto; Editing by [Grant McCool](#))