

For Immediate Release:

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B.C. Acts on Rising Strata Insurance Premiums, Eliminates Best Terms Pricing

VANCOUVER, B.C.– In a significant step to curb rising strata insurance premiums, insurers have agreed to effectively end the practice known as Best Terms Pricing in B.C.’s strata insurance market by the end of 2020.

Best Terms Pricing was first recognized in BC Financial Services Authority’s (“BCFSA”) [Interim Report](#) on rising strata insurance premiums, and upon further analysis, the practice was clearly identified as one of several factors inflating strata property insurance premiums.

“Rising strata insurance premiums is a significant pressure for thousands of British Columbians across the province, and the end of Best Terms Pricing is one positive step towards a healthy insurance market,” said Selina Robinson, Minister of Finance. “This is a very complex issue with many factors contributing to rising premiums, and I look forward to receiving BCFSA’s final report and reviewing its findings so that we can continue to work towards viable solutions to this problem impacting many residents in British Columbia.”

Insuring strata properties often requires brokers to bring together multiple insurers with each insurer taking a portion of the total risk. The resulting insurance policy is often referred to as a subscription policy. In putting together such a policy, each insurer would submit its own bid. Under Best Terms Pricing, the final premium paid by strata owners was typically based on the highest of those bids, even if the majority of quotes were lower.

“Our BCFSA team collected sample data from industry on strata insurance properties insured during a period of one month to gain a better insight into this practice,” said Frank Chong, BCFSA’s VP of Regulation. “We found that approximately 94 per cent of sample properties had been negatively impacted by this practice.”

Due to the complexity of subscription policies, the strata insurance industry has agreed to effectively eliminate using Best Terms Pricing by January 1, 2021 to allow for time to adjust information technology systems so that they are able to accommodate different prices for each insurer.

“Thanks to the positive cooperation from industry, BCFSa has been able to obtain assurances that the practice will be quickly phased out of B.C.’s strata insurance market,” said Blair Morrison, CEO, BCFSa. “This is an important step forward as we work to ensure long-term stability in the strata property insurance market while also protecting strata owners.”

BCFSa expects to issue its final report on B.C.’s strata insurance market before the end of 2020.

Quick Facts:

- BCFSa is the regulator responsible for the private sector insurance industry in British Columbia.
- At the direction of the Minister of Finance, BCFSa released its interim report on the rising cost of strata insurance in British Columbia on June 16, 2020.
- The report found that premiums have risen by approximately 40 per cent throughout the province on a year-over-year basis, with deductibles experiencing up to triple-digit increases over the same period.
- The Province introduced amendments to B.C.’s *Financial Institutions Act* and the *Strata Property Act* to help address the cost and availability of strata insurance in B.C.

Learn More:

- To read the interim findings from the BC Financial Services Authority, visit: <https://www.bcfsa.ca/pdf/publications/StrataInsuranceFindingsReport.pdf>
- To read about the amendments to the Financial Institutions Act: <https://news.gov.bc.ca/releases/2020FIN0052-001722>

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