



## **Spring 2023 CAI Canada Newsletter**

### **Protecting a Condominium Community**

#### **The Importance of an Active Risk Management Program and Documenting Compliance**

As the popularity of condominium living continues to grow, so does the need for effective risk management programs.

Condominium communities face a variety of risks that can impact the safety of residents, and the financial and reputational well-being of the corporation.

In this blog, we will discuss why condominium communities should have an active risk management program and emphasize the importance of having documentation to prove compliance and defend against potential losses or claims.

First, let us define what we mean by a risk management program.

A risk management program is a proactive approach to identifying, assessing, and managing risks that could impact the community. The goal is to minimize the likelihood and severity of losses and protect the corporation's assets and the safety of its residents.

One of the most important reasons for a condominium community to have an active risk management program is to ensure compliance with building codes and other regulations. Compliance is critical because failure to comply can result in fines, legal action, or loss of insurance coverage.

A risk management program can help identify potential code violations and ensure that necessary repairs or upgrades are made in a timely manner.

Documentation of compliance can also provide evidence of the corporation's due diligence in the event of a claim or lawsuit. Either way, it is this documentation that serves as evidence. In addition to compliance, a risk management program can help prevent accidents and injuries.

Common risks in condominium communities include slips and falls, fires, and water damage. By identifying potential hazards and taking steps to eliminate or mitigate them, the corporation can reduce

the likelihood of accidents and injuries. Regular maintenance and inspections can also help identify issues before they become serious problems – *often, saving money*.

Another important reason for a risk management program is to protect the financial well-being of the association. Insurance coverage is essential, but it is not a guarantee against financial loss. Claims can still result in increased premiums, deductibles, or even non-renewal of coverage. By identifying and mitigating risks, a condominium corporation can reduce the likelihood and severity of claims.

While risk management programs require a fee to design and develop, once completed and implemented at a condominium, these programs can provide an immediate and long-term return on investments for everyone in the community - *protecting condominium employees, residents, visitors and service providers*.

In conclusion, an active risk management program is essential for condominium communities to ensure compliance with regulations, prevent accidents and injuries, and have evidence of the corporation's commitment to community safety and well-being.

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