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CASE SUMMARY: STRATA BUILDING SPRINKLER SYSTEM HELD TO BE A PLUMBING DELIVERY AND DISTRIBUTION SYSTEM, AND THEREFORE DEFECTS IN MATERIAL AND LABOUR FOR THE SPRINKLER SYSTEM ENJOYED A TWO YEAR WARRANTY

The strata building sprinkler system was held to be a plumbing delivery and distribution system, and therefore defects in material and labour for the sprinkler system enjoyed a two year warranty.

Insurance law – Homeowner warranty insurance – Coverage – Expired policy – Property – Strata Corporations

Strata Plan 4249 v. Travelers Insurance Co. of Canada, [2018] B.C.J. No. 108, 2018 BCSC 114, British Columbia Supreme Court, January 25, 2018, E.J. Adair J.

The strata corporation experienced numerous issues with its sprinkler system and reported the issue to the warranty provider after the expiry of the 15-month coverage period for common property but within the two year coverage period for materials and labour supplied for the “plumbing...delivery and distribution systems.” The warranty insurer denied coverage on the basis that the sprinkler system was common property and not a plumbing delivery and distribution system, and therefore the coverage had expired. The Court held that a plumbing delivery and distribution system connotes a system delivering and distributing water, which was the very essence of the sprinkler system. On that basis, the warranty for the sprinkler system was effective for two years and notice was given to the insurer within that two-year period.

Further, *in obiter*, the Court held that the minimum standards in the Homeowner Protection Act Regulation, which set out coverage periods of 12 months and 15 months for different types of defects in material and labour, were not *ultra vires* the *Homeowner Protection Act*, which provides for at least two years of coverage for defects in materials and labour. The *Homeowner Protection Act* did not set the minimum mandatory standards because in the *Insurance Act*, the legislature specifically provides that regulations would be enacted to create such minimum mandatory standards. There is no other way to reconcile the *Insurance Act* and the *Homeowner Protection Act*.

This case was digested by [Dionne H. Liu](#), and first published in the LexisNexis® Harper Grey Insurance Law Netletter and the Harper Grey Insurance Law Newsletter. If you would like to discuss this case further, please contact Dionne H. Liu at dliu@harpergrey.com.