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CASE SUMMARY: LEDCOR V. NORTHBRIDGE INAPPLICABLE IN MULTI-PERIL INSURANCE POLICY

Structural damage resulting from parking lot repairs was faulty workmanship, which was excluded from coverage under multi-peril insurance policy.

Insurance law – Property insurance – Strata corporations – Multi-peril policy – Exclusions – Appeals – Standard of review

Condominium Corp. No. 9312374 v. Aviva Insurance Co. of Canada, [2018] A.J. No. 1140, 2018 ABQB 674, Alberta Court of Queen’s Bench, September 19, 2018, R.J. Hall J.

The insurer successfully appealed a Master’s decision finding coverage under the policy. The insured condominium corporation retained contractors to provide rehabilitation and maintenance work to its parkade. An agreed statement of facts included that the contractors cut too deeply into the parkade slab, causing damage to the structural integrity of the parkade. The insured sought coverage for the damage under its multi-peril policy. The policy excluded coverage for “the cost of making good... faulty or improper workmanship”. An exception to the exclusion provided that the “exclusion does not apply to loss or damage caused directly by a resultant peril not otherwise excluded”.

The court held that the act of cutting too deeply into the slab qualified as faulty workmanship and was therefore excluded from coverage. The insured’s submission that the “cost of making good” was limited to the cost of making good the work that was to be provided by the contractors under the contract, and did not include damage to the parkade’s structural integrity was rejected. The court distinguished *Ledcor Construction Ltd. v. Northbridge Indemnity Insurance Co.*, 2016 SCC 37 because it dealt with a builder’s risk policy. The purpose of the multi-peril policy at issue here was not to provide broad coverage for a construction project, for all involved in that project. The exception to the exclusion also did not apply.

This case was digested by [Kora V. Paciorek](#), 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 Kora V. Paciorek at kpaciorek@harpergrey.com.