



# THE IMPORTANCE OF UNIT OWNERS PERSONAL INSURANCE

**M**ost condo unit owners dutifully attend the Condominium Corporation's annual general meeting, doing their best to contribute to the community a condo corporation constitutes. When owners are provided with the condominium's insurance report, some mistakenly believe the corporation's insurance policy will protect their personal assets in the event of a loss; such is not the case.

Unit owners, whether living in the unit or not, should always make sure their personal assets and liabilities are adequately protected by their own personal insurance policy.

## **A typical unit owner's policy provides a variety of coverage:**

**PERSONAL PROPERTY:** In general terms, this coverage includes all the content items a unit owner brings into the unit or keeps in a storage locker on premises, such as furniture, electronics, clothing, etc. Most policies will also cover the personal property while it is temporarily off premises, on vacation for example.

**ADDITIONAL LIVING EXPENSES:** This coverage helps unit owners and their families deal with the extra expenses which can often result if the home is made unfit for occupancy due to an insured loss or damage. Whether it is a fire or significant water damage due to no fault of their own, unit owners may have to move out while their unit is being repaired. In the case of an investment unit, this coverage helps pay the owner's rental income loss due to the tenant moving out.

**BETTERMENTS & IMPROVEMENTS:** Many unit owners spend considerable money making the unit their own; old carpet is replaced with hardwood flooring, cabinets and counter tops are updated and fixtures modernized to the 21st century. The unit owner's personal insurance policy provides coverage for these items, which may be excluded from coverage under the condominium corporations' insurance policies (dependent on how the By-Laws read).

**CONDOMINIUM DEDUCTIBLE ASSESSMENT:** More and more condominium corporations have by-laws in place to facilitate charging back their insurance deductible to the unit owner responsible for a loss or damage. Unit owners or their tenants need not be liable for this significant assessment to be made (once again, it is dependent on how the Corporation's

By-Laws read; as in some By-Laws it is a requirement that Owners or Tenants are negligent or liable in order to assess back the deductible). Condominium deductibles can be as low as \$5,000 and as high as \$100,000 (or higher). Unit owners' personal policies cover this risk to a specific limit; owners need to make sure they are fully insured.

### CONDOMINIUM PROTECTION:

#### Includes:

- Unit Additional Protection – Coverage for your unit is available only under these circumstances, subject to the limit on your policy: The Corporation has no insurance, its insurance is inadequate, or it is not effective.
- Common Elements Loss Assessment – Insurance will cover your share of any special assessment if:
  - The assessment is valid under the Condominium Corporation's governing rules. It is made necessary by a direct loss to common elements.

**PERSONAL LIABILITY:** At home or pretty much anywhere in the world, unit owner's policies also provide comprehensive protection for claims against them for property damage and bodily injury.



### Why get personal insurance? Because not getting it is much too risky and expensive!

**NOTE:** Each unit owner has specific insurance requirements which should be discussed with an insurance broker to ensure the right protection is in place for the right price.

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