

## Understanding Condominium Insurance

### Condominium Corporation Insurance – Your “Master” Policy

When you pay your monthly common element fee, a portion of this fee goes to the condominium corporation's insurance policy. This policy provides your master coverage. The condominium corporation's policy (in general) covers the building structure up to the *standard unit*. If there is a flood or fire (or other peril), the condominium's policy will repair or rebuild the structure. Many homeowners are over-insured, believing that they need to insure their own unit's structure as well. This is duplicating the insurance coverage.

### Insurance for Homeowners

A homeowner within a condominium should have the following insurance coverages through their own private policy:

- i) **3<sup>rd</sup> Party Liability Insurance.** This coverage will protect you should an accident occur in your home, and you are sued as a homeowner
- ii) **Betterment Coverage:** This coverage is for items not included in the *standard unit*. A good example of this is a finished basement, where the condominium's *standard unit* is an unfinished basement. Other examples include upgraded counter-tops, flooring and so forth.
- iii) **Personal Property (Content):** The condominium policy will not provide coverage for loss or damage to personal property. If your unit is tenanted, you may not require content insurance. Sometimes owners will need to move and store contents, and may even be required to move out during a repair. These expenses should also be covered under the unit owner's private policy.
- iv) **Deductible Subrogation:** Owners may wish to be insured in the event of the master policy's deductible being subrogated against the unit account. The condominium's deductible can range from \$2,500 to \$10,000 (or even higher) depending on the nature of the loss. Water damages typically have a higher deductible. There is no subrogation if the peril originates with the common elements (eg. A roof leak – typically); however, should there be a peril that originates within the unit (eg. Fire, burst pipe, overflowing sink) – *the unit owner must pay the deductible*. Specific deductible information is available on the condominium's insurance certificate which can be found in the latest Periodic Information Certificate produced by the condominium corporation.

Some insurance companies also offer protection against the possibility of a Special Assessment. **This optional coverage, and all of the above coverages should be discussed with a qualified insurance broker to ensure that your specific needs are met.** This letter is intended for general information only.

Best Regards,

Shane Byers, RCM



**General Manager**  
Trademark Property Management