

## INSURANCE

### Homeowner Insurance

- As a new homeowner, you are required to carry Homeowner Insurance whether personally occupying or leasing your suite
- Your lawyer may request your certificate of coverage as part of the closing process, one to two weeks before your Occupancy Date so be sure to shop around for the best rate and prepare all your necessary documentation

### What Homeowner Insurance coverage do you need?

- Protection for your possessions and any upgrades you have (or are going to make) to your home, as well as coverage for the flooring and countertops, commonly known as All Risk or All Perils insurance
- Liability insurance with a minimum of \$2,000,000
- Insurance that would cover the Condo Corporation's deductible, for responsibilities that you are accountable for (approximately \$25,000)

*(The above is the insurance minimum that we require)*

### Loss of Use Provision

- It is a good idea to have an accommodations provision in your policy typically known as a Loss of Use provision
- Loss of Use coverage is part of a home insurance policy that provides coverage for costs you may incur if you have to stay in temporary housing because your home is uninhabitable
- This type of coverage, known as "additional living expenses," pays for hotel stays or a temporary apartment, reasonable food costs, and more

*(The above is not required, but recommended)*

### Condo Corporate Insurance

- Each condominium will have insurance coverage for the **Common Areas** and what is typically called the **Standard Unit**
  - **Common Areas** - also known as the Common Elements within a community, include all areas of the condominium that are not exclusively owned. These areas include the parking garage, roof, amenities, hallways, and more. The balcony or terrace attached to your suite, is considered an Exclusive Use Common Area. This means that you may exclusively use this area but it falls under community rules with regards to decorations and modifications.
  - **Standard Unit Definition** - These are formal explanations of what finishes are included as part of each suite design, and what the legal boundaries for each home are. This information is used in the event of an insurance claim or to determine maintenance responsibilities.

- Common Areas insurance will not provide you with full coverage – most Standard Unit bylaws include most of the finishes we build in your home, but may exclude certain finishes such as countertops and flooring, which should be included in your Home Insurance policy

### **Tenants Insurance**

- If you plan to rent out your home, it is advisable to require in your lease agreement that tenants must also carry Tenants Insurance
- This is typically low cost and helps to protect them and you in the event of a significant unplanned event
- Tenants Insurance covers personal property and displacement costs

## **SCENARIO**

There is a new condo (Unit #1) with a family that has a small child, below them is a condo (Unit #2) owned by a couple, and below them is a condo (Unit #3) that is rented out. The child in Unit #1 flushes something down the toilet and causes a flood in their own condo and damage to the two condos below them (Unit #2 and Unit #3).

### **How does insurance work in this scenario?**

#### **Homeowner Insurance for Unit #1 will cover:**

- Personal property (e.g. TV, Video game controller, furniture, etc.)
- Fixes to anything above standard unit, which is not covered under corporate insurance (e.g. upgrades)
- Displacement when unit is being fixed (e.g. hotel and food costs)
- Condo corporation's deductible, since the homeowners are responsible for the flood

#### **Homeowners Insurance for Unit #2 will cover:**

- Personal property and fixes to anything about standard unit
- Displacement when unit is being fixed
- This Homeowners Insurance may approach the Homeowners Insurance in Unit #1 to recover costs of damages done to their unit

#### **Tenant Insurance for Unit #3 will cover:**

- Personal property and displacement
- Homeowners Insurance of Unit #3 will cover anything that needs to be repaired above the standard unit (e.g. upgrades)
- This Homeowners Insurance may approach the Homeowners Insurance in Unit #1 to recover costs of damages done to their unit

#### **Condo Corporate Insurance will cover:**

- Stand unit bylaw - all suite features included as stand features (excludes flooring, countertop and common elements), in all three units

### QUESTIONS

1. Will two insurance companies be working in each of these units (Homeowner Insurance company and Corporation Insurance company)?
  - Yes. Both insurance companies will work together to get each condo fixed. Both companies may use the same suppliers to complete the work.
2. What if the homeowners in Unit #1 who are responsible for the all the damage do not have Homeowner Insurance?
  - If the homeowners don't have insurance or they let it lapse, the homeowners will have to pay out of pocket for all the damages done to their unit
  - Other home insurances (Unit #2 and #3) as well as the Condo Corporation, may also approach these homeowners to cover other damage costs
3. How much does home insurance cost?
  - It depends on the value of the home and the possessions requiring coverage
    - i. It can be as low as \$600/year to as expensive as \$4,000/year
  - Certain locations will see higher premiums
  - Since in-home sprinklers have been introduced, insurance rates have increased due to higher water damage risks
4. How much does tenants insurance cost?
  - It also depends, but it's lower than home insurance as it only covers possession and displacement costs
    - i. It can be between \$300/year - \$500/year
5. Why doesn't the Condo Corporate Insurance cover flooring and countertops?
  - The insurance companies will not cover these due to ease of damage to them, as well as high insurance fraud risk