

CONDOMINIUM INSURANCE



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What is condominium insurance?

Condominium unit owners (also known as strata unit owners in British Columbia and some parts of Alberta) experience some of the best aspects of both home ownership and renting. As an owner, you have title to your own unit, as well as a share in common property such as the lobby, rooftop patio, swimming pool, parking garage and other amenities. A bare land strata or condominium may have less common areas, typically just streets or roadways providing access to the units.

It is important to note that the definition of what is "owned" by the unit owner depends on the condominium, strata or bare land development.

What is common property?

Any area available for use by all unit owners is considered **common property**. Some examples may include the lobby, elevators, gardens, swimming pool and other recreational facilities. Unit owners share the expense of maintaining common property through **maintenance fees**. In some condominium developments, an area of common property is used exclusively. For example, balconies may be listed as common property but each unit owner has private use of his or her balcony. This is known as **limited common property**.

What is a condominium corporation?

A condominium corporation manages the condominium's operations and business affairs and the property interests of all unit owners.

Additional responsibilities may include:

- Setting up a board of directors;
- Managing and maintaining the condominium's common property;
- Establishing maintenance fees;
- Maintaining adequate reserve funds;
- Holding unit owners' meetings; and
- Ensuring that unit owners comply with applicable bylaws and declarations.



Know your obligations under the bylaws and declarations of your condominium corporation. Condominium bylaws and other regulations vary by province. Take the time to familiarize yourself with the bylaws and/or declarations that apply to your condominium corporation. Speak with your insurance representative to make sure you're protected with the insurance policy that's right for you.

COVERAGE

Condominium insurance differs from that of conventional homes. Coverage is available under two separate policies; that of each unit owner and that of the condominium corporation.

What is covered?

YOUR CONDOMINIUM CORPORATION'S INSURANCE TYPICALLY COVERS:

- The buildings shown on the condominium plan.
- Common property such as hallways, stairs, roof, pools, garages, driveways, etc.
- Fixtures built or installed as part of the original or standard construction such as floor and wall coverings, electrical and plumbing fixtures. Some condominium corporations have specific definitions for what is considered an "original" or "standard" unit.
- Condominium assets such as furniture, equipment, etc.
- Liability of the condominium corporation for claims of property damage and bodily injury suffered by others.

AS A UNIT OWNER, YOUR CONDOMINIUM UNIT OWNER'S POLICY TYPICALLY COVERS:

- Your personal property such as clothing, appliances and furniture as well as items stored in your locker.
- Additional living expenses, over and above the *normal cost of living*, in the event of an insured loss.
- Your personal liability for any bodily injury or property damage unintentionally caused to others.
- Upgrades to your unit (for example, custom hardwood flooring, custom counters, etc.) made by you and previous owners of your unit, up to a stated limit.

Coverage may vary according to the requirements of the province or territory you live in.

If my condominium corporation has insurance, why do I need it?

Your condominium (or strata) corporation's insurance may cover insured losses to the condominium building and common property but it does not cover your personal contents, liability or improvements to your unit.

Imagine having to replace everything you own in your home due to a fire or being held liable for personal injuries sustained by a visitor who slips and falls in your home. What if you are held liable for fire damage to neighbouring units caused by an unattended burning candle in your unit? While these scenarios may seem unlikely, insurance would typically provide coverage in these circumstances. Condominium insurance is more than just a policy protecting your personal contents and potential liability; it represents peace of mind.

Remember to speak with your insurance representative to ensure you have adequate coverage and limits that reflect the value of your real property interests and personal property and the cost to replace it.



Optional coverage

Here are some other coverage options available to condominium unit owners:

- **Owner's increased improvement coverage** covers upgrades (built-in sound system, custom counters, etc.) to your unit that may exceed standard condominium corporation insurance limits.
- **Contingency coverage** insures your unit itself so that you are protected in the event your condominium corporation's insurance is insufficient. Speak with your insurance representative for further details.
- **Loss assessment coverage** is unique to condominium insurance. Since unit owners share responsibility for common property, loss assessment coverage pays your share (up to a stated limit) to cover major property and liability losses on common property that may exceed the condominium corporation's policy limits. For example, if the building suffers a water damage loss due to an overflowing bathtub in your unit, the condominium corporation would generally file a water damage claim with its insurance company. Each unit owner may be assigned a portion of the deductible to be paid. However, since the loss originated in your unit, you may be held responsible for the entire deductible. Speak with your insurance representative regarding how your policy can help under such circumstances.