*What Should Your Condo Insurance Policy Cover?*

*You Could be Over- or Under-Insured Without Knowing It*

Protecting your condo against damage from water, fire or other perils can be complicated and confusing. Condo units are not like houses. While home-owners typically buy insurance for the whole building and its contents, condo-owners only need to insure some parts of their unit, but not others. So, how do they know which parts their policy should cover?

First, any personal property that is in a unit, storage locker, or parking spot, such as furniture, appliances, bicycles, clothes, or other personal property, is NOT covered by a corporate insurance policy. These items must be insured by unit owners.

However, when it comes to the more permanent features of the units, such as broadloom, kitchen cabinets, or light fixtures, the situation is more complicated.

The *Condominium Act* requires that a condo corporation have insurance that covers the building and a limited portion of the units. This of course includes those parts of the condo building that are collectively owned, such as hallways, entrance ways, and gardens.

But a condo corporation usually is also responsible for some of the more permanent features of the units, such as broadloom or kitchen cupboards.

However, different corporations have different rules, so owners should not make assumptions about what will be covered in their unit – or that their insurance agent will be able to inform them on this. To ensure the right policy and coverage, owners should consult the **declaration**, along with their agent.

The declaration is usually a lengthy document that contains descriptions of the individual condominium unit, the common elements, the exclusive use common elements and shared expenses. Every condominium building has a declaration, which must be registered at the time the condominium is created.

For insurance purposes, the declaration includes a definition of the **standard unit**, that is, those features of a unit which the corporation is responsible to insure and, possibly, maintain, repair, and replace.

Features that are not part of the standard unit will not be covered by the corporation’s insurance and it is the owner’s responsibility to see that they are covered by the owner’s own policy.

Further, features of the standard unit are often replaced or improved over time, which can affect how they are covered. According to the *Act*, the responsibility to provide repairs to a standard unit after it has been damaged excludes any "improvements."

For example, if the definition includes broadloom as part of the standard unit, but the original carpet has been upgraded to more expensive hardwood floors, the condo’s insurance would only cover the cost of replacing the broadloom, not the upgrade to hardwood.

So, the lesson for owners is that, before purchasing a policy, they and their agent should consult the declaration carefully to see how the care, maintenance, and insurance of their unit has been divided between the corporation and the owners.