

THE IMPORTANCE OF UNIT OWNER'S PERSONAL INSURANCE

Most 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 as an investor, 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 are specifically excluded from coverage under the condominium corporations' insurance policies.
- **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, in many cases the mere fact the damage originates in the unit is sufficient to make the assessment valid. Condominium deductibles can be as low as \$1,000 and as high as \$50,000. Unit owners' personal policies cover this risk to a specific limit; owners need to make sure they are fully insured.
- **Personal Liability:** at home or pretty much anywhere in the world, unit owners' 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.

THE IMPORTANCE OF TENANT'S PERSONAL INSURANCE

Most tenants take great pride in their home and very good care of their property, working with the landlord to make sure the building is safe and secure for all residents and guests. Tenants can rest easy, confident that the building owners have obtained insurance coverage on the building and its equipment to help repair and restore the premises in case of a fire, water damage or other insured damage.

But what about the tenant's personal assets, improvements to the property, extra expenses and personal liability? All these must be protected by each tenant's personal insurance policy.

A typical tenant's policy provides a variety of coverage:

- **Personal Property:** in general terms, this coverage includes all the content items a tenant brings into the unit or keeps in a storage locker on premises, such as furniture, electronics, clothing, etc. A typical policy will include Replacement Cost coverage and most policies will also cover the personal property while it is temporarily off premises, on vacation for example.
- **Additional Living Expenses:** this coverage helps tenants 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, tenants may have to move out while their unit is being repaired and ready for occupancy by the landlord's insurer.
- **Betterments & Improvements:** many tenants 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 tenant's personal insurance policy provides coverage for these items, up to full replacement cost in most cases.
- **Personal Liability:** at home or pretty much anywhere in the world, tenants' policies also provide comprehensive protection for claims against them, notably for property damage and bodily injury. This vital coverage also helps a tenant pay for damage he/she may accidentally cause to the landlord's building and other tenants property. A small kitchen fire can often result in smoke and soot damage that a landlord and neighbors will claim back from a liable tenant.
- **Tenant's Legal Liability:** this coverage helps pay for damage caused by accident to the rental unit occupied by the tenant.

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

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