

# THE IMPORTANCE OF UNIT OWNERS PERSONAL INSURANCE

**M**ost Strata unit owners dutifully attend the Strata Corporation's Annual General Meeting, doing their best to contribute to the community a Strata Corporation constitutes. When owners are provided with the Strata'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 units are 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 21<sup>st</sup> century. The unit owner's personal insurance policy provides coverage for these items, which are specifically excluded from coverage under all Strata Corporation's insurance policies.

**STRATA DEDUCTIBLE ASSESSMENT:** More and more Strata Corporations have by-laws in place to facilitate charging back the Strata 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. Strata deductibles can be as low as \$1,000 and as high as \$500,000. Unit Owner's personal policies cover this risk to a specific limit; owners need to make sure they are fully insured.

It is equally important for Unit Owners to know their Strata Corporation's Earthquake deductible should there be an assessment. This amount will be shared amongst the Strata lots based on individual unit entitlement. The Earthquake deductible is shown as a percentage; usually 10% - 20% of the insured value stated on the certificate of insurance or policy declarations.

**PERSONAL LIABILITY:** At home or pretty much anywhere in the world, unit owner's 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. To facilitate the process, have a copy of your Strata Corporation's certificate of insurance or summary of coverages for the current policy period at hand.

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