
STRATA PLAN INSURANCE

We understand that many strata unit owners question “Why buy insurance, the Strata Plan has it already?” Whether you live in your unit or rent it to others, there are several reasons why you should buy insurance.

1. **CONTENTS** – The Strata policy covers the building only. Your personal possessions are not covered by the Strata policy.
2. **UNIT IMPROVEMENTS** – Original fixtures permanently attached to the building are insured by the Strata Policy. Once they are replaced, by you or by a previous unit owner, they are no longer covered by the Strata and can only be covered by a Strata Owners policy. Examples of Unit Improvements are new kitchen cabinets, flooring, new built-in appliances and new bathroom fixtures.
3. **LIABILITY** - If a visitor falls and injures themselves in the building parking lot, the Strata Policy will respond to a legal suit. If your visitor falls and injures themselves in your unit, it is your strata owners policy that will respond. Plus your strata owners personal liability section applies wherever the incident occurs in the Canada and US.
4. **ADDITIONAL LIVING EXPENSES** – If you cannot live in your unit due to damage caused by an insured peril (e.g. fire), a Strata Owners policy will pay for costs of alternative accommodation whilst your unit is rebuilt or repaired. There is no such coverage under the Strata policy.
5. **DEDUCTIBLE LOSS ASSESSMENT** - It is legally established that the Strata Plan can seek re-imburement from the unit owner for damages originating from within a strata unit that are not recoverable because of a deductible in the Strata policy. The most common source of claims in a strata building is water damage. Special deductibles apply to water damage with the minimum being \$2,500, the majority \$5,000 and some \$10,000 or higher. A condo Owners policy will pay for this deductible assessment.
6. **PROPERTY LOSS ASSESSMENT** - If the Strata policy has a limit insufficient to cover the full amount of an insured loss, the Strata Council will have to cover the shortfall by assessing it equitably among the unit owners. The Strata Owner policy will cover this.
7. **LIABILITY LOSS ASSESSMENT** - Same as with (6) above, the Strata Owner policy will pay for your part of the assessment.
8. **RENTED STRATA INSURANCE** - If you rent out the unit you own, you will require all of the items above. Your limit for Contents may be considerably less as you may only need to cover detachable kitchen appliances, window covering materials or any other equipment or furnishings you leave for your tenants. However, a Rented Strata policy will also cover your rental income which you will lose if the unit becomes uninhabitable due to damage by an insured peril.

This analysis does not address every conceivable situation of loss or damage. Every policy has different insured perils, limits, deductibles and coverage wordings. Most of these can be negotiated at time of purchase or anytime thereafter. The purpose of the analysis is to outline the usual causes of loss that are not covered by a Strata policy but can be covered by a Strata Unit Owners Policy.