



# Insurance Risk Management

By Teresa Girardin, RCM

I often hear unit owners say, “I don’t need insurance as my Condo Corporation carries insurance.” This statement could not be further from the truth.



Teresa Girardin

Corporations carry insurance that allows them to restore a unit to the standard unit definition; however, owners often make upgrades to their units for which they are responsible. For example, if the unit came with a builder’s grade carpeting, and it was removed to install hardwood flooring, the owner assumes responsibility for insuring the new flooring.

With ever-rising insurance premiums on Condominium Corporation’s in Ontario, the best thing that Condominium Corporations can do is manage the risk. To keep premiums low, active risk management shows

insurance carriers that the corporation is doing everything they can to avoid the need to file an insurance claim. Keeping owners informed and asking them to participate in mitigating these risks can help minimize insurance claims for both the corporation and the owners themselves.

## Tips to Share with Residents

Here are a few preventative measures you can recommend to your owners to mitigate insurance risk:

- Know where the water shut-off valves are in your unit. Turning off the water in an emergency can be the difference between flooding a single unit or continuing to damage multiple units.
- Repair water leaks as soon as they are found.
- Do not leave cooking or running water unattended.
- Test fuse panels and make sure they are appropriately labelled.
- Test shut-off valves on toilets to make sure they are not seized. If you do not have an individual shut-off valve, it is suggested that you have one installed the next time you have a plumber in your unit to attend to repairs.
- Do you have a gas-powered furnace? Furnaces should be serviced yearly. Many service providers offer yearly maintenance contracts that ensure your system is working correctly every year.
- Do you have a hot water heater in your unit? If it is more than ten years old, consider replacing it. Alarms and trays can be purchased for hot water tanks that notify you when the tank is leaking. Know how to shut the tank off so it won’t continue to fill when it is leaking.
- Keep dryer vents free from lint. The most common cause of house fire is related to the clothes dryer.
- Properly working smoke detectors and carbon monoxide detectors are required

in all units by law. Smoke detectors and carbon monoxide detectors should be replaced every ten years and tested every month. Battery-operated detectors need their batteries replaced twice a year.

ensure everything is ok.

- Review your insurance policy and make sure you are adequately covered. Condominium Insurance packages are available from most insurance compa-

- Betterments and improvements were made to the unit. The flooring example is one such betterment.

- Liability in the event that someone is injured within the unit.

- Coverage for the corporation's insurance deductible if the damage is deemed to be the owner's fault due to neglect or lack of maintenance.

- Alternative accommodation in case they are unable to occupy the unit while it is being restored.

Owners can also get "special assessment" insurance. This does not cover the type of special assessment to top up a reserve fund but would cover them in the event a lawsuit ensues, and the individual is awarded more than what the corporation's insurance covers. ■

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- When purchasing a new washing machine, remember to buy new hoses as well. Old hoses can become brittle and leak or blow due to high water pressure from within.

- When making alterations to your unit or having plumbing and electrical work done, only use licensed and insured contractors.

- Report any dangerous conditions outside your unit to the condominium manager immediately.

- When you are on vacation, have someone check your unit a few times to

nies. Take your insurance carrier a copy of the Condo Corporation's insurance certificate and a copy of the standard unit bylaw, which is included in your document package and ensure you have sufficient coverage.

### Recommendations for Owners

Owners should make sure they have coverage for the following:

- Contents of the unit. All personal belongings are excluded from the corporation's coverage in all circumstances.

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