

CONDO ADVISER WEBINAR
(EPISODE 45)

INSURANCE IN CONDOLAND

PART 2

March 6, 2024

CONDO ADVISER CREW

Speakers	Firm
Rod Escayola	Gowling WLG
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AGENDA

Topic

- Insurance under the Condo Act (re-cap)
- Standard Unit By-law
- Insurance deductible by-law
- How to pass a by-law
- Questions from the audience

DEFAULT SETTING UNDER THE ACT

WHO PAYS WHEN THERE IS AN INSURABLE EVENT?

- Owners maintain their *units*
- Corporation maintains *common elements*
- Corp. shall repair units and common elements after damage (s. 89 of the Act)
 1. **Subject to Declaration**
 2. **Subject to standard unit by-law**
 3. **Subject to Deductible by-law**

DECLARATION CHANGING THE RESPONSIBILITY

Section 5.02 Repairs and Maintenance of Common Elements and the Units by the Corporation.
Subject to the provisions of this Declaration and the Act, the Corporation shall repair and maintain the common elements and shall repair the units after damage.

DECLARATION CHANGING THE RESPONSIBILITY

5. MAINTENANCE AND REPAIRS

5.1 Repairs and Maintenance by Owner. Each owner of a dwelling unit shall maintain his dwelling unit and, subject to the provisions of this Declaration and section 123 of the Act, each owner of a dwelling unit shall repair his dwelling unit after damage, all at his own expense. In addition each owner shall

- (a) at all times maintain heat in his dwelling unit above the freezing temperature of water and keep their parking units clean and free of debris. In the event the owner defaults

DECLARATION CHANGING THE RESPONSIBILITY

... subject to the provisions of this Declaration, each Owner shall repair his or her Unit after damage, all at such Owner's own expense, **save and except for any damage for which the cost of repairing same is recovered under any policy or policies of insurance maintained by the Corporation, subject to a loss deductible**, in which latter case the Corporation shall be obliged to expend such insurance proceed in order to undertake and complete all requisite repairs to the damage units...

STANDARD UNIT BY-LAW

STANDARD UNIT BY-LAW

- **This by-law defines what is the standard unit**
- **Corporation is responsible for repairing and insuring standard unit**
- **“Bare Bones Model” [Limits what is considered “standard” to essential structural components]**
 - The Corporation is responsible for insuring those things it owns [structure, floor and ceilings slabs, unit perimeter walls, entry/balcony doors, windows, common elements systems within walls, etc]
 - Unit owners are responsible for insuring what they own [interior walls, unit wiring, plumbing within unit boundaries, cabinetry, finished flooring, etc]
 - **Purpose:** contain/lower the Corporation's insurance costs

BENEFITS OF THE STANDARD UNIT BY-LAW

- **Reduces the collective insurance cost**
- **More equitable to owners**
- **Puts the onus on owners to be careful**
- **Reduces disputes between insurers/owners**
- **Streamlines the repair process**

INSURANCE DEDUCTIBLE BY-LAW

WHO PAYS FOR THE DEDUCTIBLE

Deductible is a common expense (payable by all) unless (s. 105):

1. Damage resulting from act/omission of owner (or those they are responsible for) and damage is limited to unit
2. The corporation has a Deductible bylaw, extending the circumstances under which the owner will be responsible for paying the deductible

INSURANCE DEDUCTIBLE BY-LAW

- **The purpose of the by-law:**
 - To allocate the responsibility of the deductible in the fairest way.
 - To allow condo owners at fault or affected by an insurable event to claim the cost of the deductible from their personal insurer.
 - Fault-based vs. No-fault
 - Considers:
 - What caused the incident?
 - What was damaged?
 - What was the source of the damage?

QUESTIONS FROM OUR VIEWERS

QUESTIONS FROM VIEWERS

Nailah/Rod

Without a SUB, is this a no-fault situation and is each owner responsible to repair their unit (with the corporation responsible to repair the common elements)?

Without an insurance deductible by-law, when an owner is negligent, is he responsible for the total cost of the repair – regardless of the amount?

H.S., North York

QUESTIONS FROM VIEWERS

Graeme

What is a reasonable and fair deductible amount?

T. N., Ontario

Should a condo corporation ask for a high deductible amount to lower the insurance premiums?

A.L., North York

QUESTIONS FROM VIEWERS

Graeme

If we have a standard unit by-law, what is the benefit in having an insurance deductible by-law?

M.A.B., West-end Ottawa

What are the disadvantages and disadvantages of implementing a SUB vs. Insurance deductible by-law

P.M., Ontario

QUESTIONS FROM VIEWERS

Rod

Do EV chargers installed in garage need to be insured by the owner of the parking spot?

A.C., Mississauga

QUESTIONS FROM VIEWERS

Nailah/Rod

What is covered by the Directors and Officers liability insurance (and what is not covered)?

K. P., Burlington

Are condo community events covered by the corporation's insurance?

Are volunteers covered by the corporation's insurance?

G. M. Ottawa

NEXT WEBINAR

- **Next webinar :**
Wednesday, April 3, 2024
- **Info will posted on CondoAdviser.ca**
- **You will need to register again.**

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