



How Condominium Insurance Works



Condominiums are often less expensive than houses and usually do not require as much maintenance. However, these factors do not simplify your insurance purchase! Purchasing insurance for your condominium is *not* as straight forward as purchasing insurance for a free-standing home.

Here is some information to help you make good decisions.

Codes, Covenants & Restrictions (CC&Rs)

Every condominium has CC&Rs, and sometimes Bylaws, that set forth the rules of the Association. These documents cover many issues, including ownership and insurance.

All CC&Rs are not the same—they can vary widely! But, in order to make good decisions about your insurance needs, the CC&Rs, Bylaws and amendments must be reviewed.

CC&R sections you should review:

- ✓ **Definitions:** Pay special attention to the definition of “Unit,” which specifies what *you* own as opposed to what the Association owns.
- ✓ **Insurance:** Review the Insurance section, usually labeled “Casualty Insurance.” This section designates who is responsible for insuring certain parts of the building.

Insuring Scenarios

CC&Rs can define a unit in many ways. Each definition has different implications for insurance coverage. A few examples:

- ✓ A unit may be defined as just air space. In this case, the Association may insure the entire building.
- ✓ A unit may be defined as all drywall plus framing of non-load bearing walls. In this case, the Unit-owner would be responsible for insuring some portion of the building.
- ✓ Upgrades from the original building specs are often included in the definition of the unit. All cabinetry, whether original or not, may also be included.

Consult with an attorney
for an accurate
interpretation of the
CCRs and consult your
Insurance Agent to be
certain you have
adequate coverage.



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Please note: This Fact Sheet contains general concepts which should not be applied to any specific circumstances, policy or claim.