



Condominiums and Vacation Disasters

Know Your Obligations and How to Protect Yourself While You Are Away

So, you have bought the tickets, have the sun tan lotion, packed the bags, put the pets up with relatives, stopped the newspaper delivery, got travel health insurance coverage and now you are heading off for a well-deserved summer vacation. You're ready right? Great! Have a good time.

The stark and unfortunate reality is that countless true-life horror stories are emerging for condominium owners that are very disturbing. Vacationing condominium owners are getting calls from property managers advising of serious issues while they are away. Vacationers are coming back only to find out about serious problems that can be very costly affairs.

Another unfortunate trend is turning heads in legal, property management and insurance circles. With the growth of investment condominiums in the Greater Toronto Area, condominium owners are getting calls from property managers about tenants who have left for extended absences and reporting problems. More often than not, owners find that tenants have not had



anyone check in on the condominium during their absences.

Not commonly known is a clause in most condominium insurance policies that stipulates that during extended absences where your home will be vacant, residents must have someone check in on the property to make sure the property is okay. This clause is in almost all policies, yet generally it remains unknown.

Each policy is different with respect to

how often suite checks must occur and who can be designated as a competent person to make such visits.

Insurance expert, Armin Habibi of The Paisley-Manor Insurance Group, a company that specializes in insuring condominiums, states that this is an area where insurance policies have unique stipulations based on the type of loss that occurs and the type of property that is insured. He advises for example that, "Water damage is the biggest exposure to loss in sce-



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narios where a home is left unoccupied for extended times. The insurer will likely refuse to pay if the homeowner does not take the proper precautions.”

Water damage caused by faulty appliance piping and hoses, incorrect installation of washing / dishwasher machines, poor contracting and illegal renovations are just some of the causes of major water leaks.

In many cases, water can negatively impact multiple units below the source of the water. Thousands of dollars in water damage can occur in each affected condominium unit.

So What Are Proper Precautions?

Mr. Habibi further describes that,

“Many policies include a clause that states if the home is unoccupied for a period of time with no one checking in on the home, the policy may automatically lapse in coverage. This is why if it is part of someone’s lifestyle to leave the home unoccupied for an extended amount of time, they should contact their insurance provider prior to travel to see if such absences are covered under their policy and what to do to make sure they are covered before they leave.”

How Can You Get Help?

Do you have enough insurance?

Do you have the right insurance?

What should you do to manage your risk?

Is there a problem for you and your condominium?

What does your insurance policy say about this issue?

What are the risks if you leave your property unattended?

Condominium law expert Mr. Gerald Miller, of Gardiner Miller Arnold LLP, was canvassed about this issue as his firm

deals with these issues far too often.

“Condominium insurance is very complex. Each condominium corporation has its own insurance, each unit owner should have an owner's policy and each owner who rents out their unit should also insist that their tenant has a tenant's policy.

If a loss occurs, all that matters is that there is insurance coverage. We have found that the biggest losses come from water damage due to washing machine and dishwasher hose failure.

It is important for everyone to know what an owner's insurance policy says about closing that door to your condominium and heading to Florida for the winter or an extended vacation.

A typical Condominium Owner's policy provides as follows:

Loss or Damage Not Insured

We do not insure loss or damage occurring after your unit has, to your knowledge, been vacant, for more than 30 consecutive days.

Therefore, it is critical for every owner of a condominium unit to review their policy to determine the time frame their property can be vacant before their insurance policy excludes coverage. If your vacation plans exceed the time frame in your policy you should contact your insurance company to determine what steps you can take to avoid exclusion or if you can purchase additional coverage. It could be as simple as having a friend, family member or service monitor your unit.”

So How Much Insurance Is Enough?

Insurance for condominiums in Ontario is multi-layered:

- The condominium building itself is insured for:
- The building and grounds
- Common areas and amenities; and
- Standard Unit (or the original state that the developer provided to the original owner) or established by by-laws
- The property owner gets their own insurance for their unit, locker, parking space and for Betterments and Improvements; and
- Tenants also get their own insurance.

The best way to ensure that you have enough insurance and the right insurance is to work with a qualified insurance broker or provider.

Tenanted Properties

The first step in preventing unnecessary problems with tenants starts before the tenant even takes possession of your condominium.

Here are some ideas that may assist:

- Do proper checks on potential tenants:
- Letter of employment
- Credit Bureau worthiness
- Call references
- Photo identification

Have a proper lease:

- This forms the basis for the tenancy
- Include clauses:
 - Regarding ensuring the tenant maintains the right insurance
 - Get copies of the insurance prior to occupation and at renewal
 - That instructs tenants when on vacation to have the property checked
 - That no renovations can be made without permission
 - That they cannot do anything that may void insurance
 - That regular mechanical inspections will occur
- Inspect the property for mechanical and plumbing issues twice a year:
- Document and benchmark these inspections by e-mail to the tenant after each visit

Action Plan

These problems are preventable. It is important that property owners understand their risk and have a plan in place to mitigate that risk. **CV**