

# Condominium Insurance

## **The Basics: What You Need to Know About Insurance On and In Your Owner Occupied Condominium or Townhouse**

Understanding the Building Blocks of Insurance and Risk Reduction\*

As a prudent part of your investment, you need to place insurance – in addition to that provided by the association policies – on your Condominiums & Town Homes. Here's what you want to look for in placing coverage on Condominium & Town Homes:

- **Dwelling/Unit Owners Additions:** protects the interior walls and structures – inside the fire walls – of your unit for special damages, including Fire, Water Damage, Vandalism, etc. Minimum Recommended Limits are \$50,000 with the replacement cost endorsement.
- **Loss of Use of the Premises:** make sure the coverage provided is enough to let you temporarily rent another place while your unit is being repaired following an insured damage claim.
- **Personal Contents:** Your personal property inside the condominium is not covered by the association, so you'll want to provide coverage for these items, including itemizing possessions of high or unique value such as Jewelry, Silver/ Gold/Pewter wares, Coins, Guns, special Art items, and Furs. Personal contents should be covered on a replacement cost basis and with the Special Coverage Form. It is hard to provide a Minimum Recommended Limit as the amount of Personal Contents owned by our clients will vary greatly. However our experience has told us that most people need at least \$50,000 in Personal Contents Coverage.
- **Personal Liability:**
  1. If Damage to other units or common areas results from a condition in or caused by your unit, or if an Injury to another occurs to another person within your unit or resulting from your unit, then you need Liability protection against claims brought against you by other unit owners, the association, and the association's insurance company.
  2. This liability protection follows you for personal, non-business exposures wherever you go, world-wide!
  3. Minimum Recommended limit is \$300,000, **however many of you will need more coverage than \$300,000 and should consider an umbrella liability policy.**
- **Assessments:** protection resulting from inadequate insurance obtained by the association. You should have no less than \$25,000 coverage.
- You may be responsible for a **covered Deductible** resulting from a claim arising out of your unit or the common area. Your Dwelling/Unit Owners protection will assist you in this area.

Each and every association is a little different, but these recommended coverages will assist you in providing a policy that will protect your interests in preserving the asset value of your property. Please refer to the Association's By-Laws for more exact coverage restrictions, and try out this question on the management company:

“The water line, connected to my washing machine, broke and water ran everywhere. It caused damage to **my unit** and to the **adjacent unit**. The Damages included my floor, cabinets, walls, the floor and ceiling between the adjacent (or downstairs) unit, and of course there is damage to the common structure. What damages will be covered by the association's insurance? What is my responsibility under the association's policy and the By-Laws?” **It's the question property managers hate most!**

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\*This dialogue on Condominium insurance policies is necessarily brief and is not to be interpreted as the final word about condominium or townhouse protection; please refer to your policy for a complete coverage review.