

## CCC 82

### Insurance Deductible By-law [By-law No. 7]

#### Examples: Hi-Rise Condominiums

##### Overview

Condominium Corporations must arrange insurance on their own behalf and on behalf of all owners. The insurance covers the common elements and also the standard units (not including betterments or improvements). The insurance is always subject to a deductible. The deductible is simply an amount of each loss that is not covered by the insurance.

The question is: When damage results from an insured event, who should pay the deductible?

##### Examples

**I. Owner or tenant causes damage – through an act or omission – to the common elements or to other units.**

- A. An owner is driving his or her motor vehicle and runs into the building or any part of the common elements. [NOTE: The Corporation's insurance will cover the damage beyond the deductible. The question is: Who pays the deductible?]

The owner / driver pays the deductible, and should have coverage for that expense under the owner's motor vehicle liability insurance or personal liability insurance.

- B. A tenant causes a fire by smoking in bed. The fire causes damage to a number of units (ie. to the standard units). The damage to each unit is about equal. [Therefore, the deductible is divided into equal parts between all of the units.] [NOTE: Again, the Corporation's insurance will cover the damage beyond the deductible. The question is: Who pays the deductible?]

The owner (with the tenant) pays the full deductible, and should have coverage for that expense under the owner's personal liability insurance.

- C. An owner allows a sink to overflow. All of the resulting damage is caused to the unit below – drywall and flooring damage in that lower unit (standard unit damage). [NOTE: Again, the Corporation's insurance will cover the damage beyond the deductible. The question is: Who pays the deductible?]

The owner (that allowed the sink to overflow) pays the deductible, and should have coverage for that expense under the owner's personal liability insurance.

## **II. Accidental damage to one or more units.**

- A. A toilet cracks, causing damage to the standard unit containing the toilet. No one is to blame. This is an accident. [NOTE: Again, the Corporation's insurance will cover the damage beyond the deductible. The question is: Who pays the deductible?]

The owner pays the deductible (and may have coverage under the owner's insurance policy).

- B. A toilet cracks, causing damage to four units (damage to the standard units). No one is to blame. This is an accident. [NOTE: Again, the Corporation's insurance will cover the damage beyond the deductible. The question is: Who pays the deductible?]

Suppose the damage in each of the four units is about equal – so that the deductible is divided equally between the four units.

Each owner pays his or her share of the deductible (relating to damage to the owner's unit). (Each owner may have coverage under the owner's insurance policy.)

- C. A pipe in a unit suddenly bursts, causing a great deal of damage to flooring and drywall (standard unit) in the unit below. No one is to blame. [NOTE: Again, the Corporation's insurance will cover the damage beyond the deductible. The question is: Who pays the deductible?]

The owner of the damaged unit pays the deductible. (The owner may have coverage under the owner's insurance policy.)

- D. A pipe bursts on the common elements, causing damage to several units (the standard units). No owner or occupant is to blame. There is also no negligence on the part of the corporation. [NOTE: Again, the Corporation's insurance will cover the damage beyond the deductible. The question is: Who pays the deductible?]

Each owner pays his or her share of the deductible (relating to damage to the owner's unit). (Each owner may have coverage under the owner's insurance policy.)