

Insuring a Condominium

Insuring a condominium is different than insuring a house because of the way ownership is structured. A homeowner's policy covers against losses, and covers only what you own. Since there are areas of common ownership in a condominium complex, your homeowners association may have a master policy. The extent of the coverage you buy will depend on what the master policy covers.

The Policies

The master policy will usually cover damage to exterior components, such as the roof, stairways, sidewalks, and basements. Some master policies may cover the structure of your unit itself, but not any improvements made to the original design. The key here is to know exactly what the master policy covers so you can purchase a personal policy that fills in the gaps of the master coverage. The condo association or co-op board should be able to provide information about what the master policy covers.

The standard homeowner's policy for condominiums is called HO-6. It will likely cover your personal property, shield you and your family from some types of liability, plus any portion of the unit you own under the terms of the condominium or cooperative documents.

The People

A homeowner's policy for a condominium will primarily cover the person who owns the policy, usually the person listed on the deed of ownership, and his or her spouse. It will also cover other users and residents to a lesser extent through the personal property and liability provisions in the policy. For instance, the insured's children or someone under 21 in the insured's care would likely be covered. Employees such as housekeepers may also be covered against loss of personal property on the premises. And you may also extend coverage to your guests if you make a request to your insurance company in advance.

The Provisions

In general, this policy will cover the costs

- to rebuild or repair the portion of your unit that you are responsible for if it is damaged from one or more of the perils listed in the policy, such as fire, lightning, smoke, vandalism, etc.
- related to temporary housing if you are displaced by a qualifying peril, while you wait for repairs or relocation.
- of replacing personal belongings.
- of medical treatment incurred by someone injured on or near your property due to your negligence.
- the cost of mounting a defense or paying an award in a lawsuit if you are found responsible for personal injury or property damage suffered by another person.

The Premiums

Just like policies covering single family homes, the issuing company will first want to assess what kind of risk you might present. The company will consider your credit rating, whether you have a criminal record, any previous addresses, and your history, if any, of insurance claims. Be prepared to tell the insurer what kind of job you hold, details of your employment history, your marital status, and your age, among other facts.

An insurer will also want to know certain information about your unit. How many square feet is it? How old is it? Are there any improvements that wouldn't be covered by the master policy?

Once the insurer has taken this kind of information into account, it will be reflected in your rate quote, and it's your choice whether to accept, renegotiate, or look elsewhere for coverage.