

Why do we need to define a Standard Unit?

Under the Condominium Act:

- *The corporation's insurance does not cover "improvements" to a unit*
- *"Improvements" must be covered by the owner's insurance.*
- *An "improvement" is anything (excluding the common elements) that does not form part of the standard unit*

This is fine for the owners in a Condominium established *after* proclamation of the Act (May 5th, 2001), because the Act now requires developers to define the Standard Unit in the takeover documents. It is of *no help at all* to owners in a corporation, such as ours, where the Standard Unit has never been described.

- *Until we establish what our Standard Unit is, you, the owners, have no way of knowing what your insurance should cover and what might be covered by the corporation.*

Imagine you are trying to recover from a fire in your kitchen – you want to get back to a "normal life" as soon as possible. The last thing you need is to have the two insurance companies holding up payment because they cannot agree which one is responsible for replacing your kitchen cupboards and countertops!

An easy way out would be to define the Standard Unit (in our high-rise building) to be exactly as it is described in the Declaration. This is essentially a "concrete box", contained within the concrete/masonry walls, from the top side of the concrete floor slab to the underside of the concrete ceiling and would effectively:

- *Define everything within the unit (including the ceilings, walls, original floor coverings, bathroom and kitchen cupboards, appliances and fittings) as "improvements"*
- *Exclude all these "improvements" from the corporation's insurance, making them the responsibility of the owner to insure.*

Some condominium corporations have taken this "bare-bones" approach because it is

- *cheaper for the corporation (insurance is a cost shared by all owners)*
- *easier to explain and administer, and*
- *encourages owners to protect their own property*

Your Board believes and is proposing that our Standard Unit is more properly (and more fairly) described as *"...the unit that an original owner would have bought had he/she declined any of the 'upgrades' offered by the developer."* and that this is what the corporation's insurance does and should cover.

Why do we need an Insurance Deductible By-Law?

By-Law No 9 addresses responsibility for the insurance deductible if a problem (such as flooding or fire), arises in a Suite and causes damage to another suite (usually the suite below) or to common elements such as hallways.

The Condominium Act provides that:

- *if damage to a unit is the result of an act or omission of the owner or occupant of that unit, the owner will be responsible for the deductible portion of the repair costs for the owner's unit*
- but
- *if other units or the common elements are damaged, the deductible portion of the cost of those repairs will remain the responsibility of the corporation.*
 - *In effect, the Act holds "all owners" responsible for damage possibly caused by individual owners.*

By-Law No 9 will therefore require that

- *the owner causing the damage may be held responsible for the deductible amount of the corporation's insurance.*

Note that only responsibility for the Deductible (\$2500 for water and \$1000 for other damage) is involved here. The corporation's insurance will still cover the cost of replacement or repair over and above this amount. This is for the benefit of all owners and should be an incentive for everyone to take a little extra care to prevent damage.

We encourage owners to review their own homeowner insurance policies with their brokers as some policies may also provide cover for any owner liability for the Corporation's insurance deductible.

Why do we need _____-Law?

By-Law No 10, addresses an "omission" from the Condominium Act.

The *Condominium Act, 1998* now requires various disputes (e.g. disputes concerning the Declaration, By-Laws and Rules) between the Corporation and owners to proceed via mediation and arbitration instead of through the Courts. The problem is that:

- *the Condominium Act, 1998 itself contains very little detail of the procedures to be followed in these cases.*

Therefore *By-Law No. 10*

- *will provide a basic set of procedures to be followed in these cases so that all concerned know how to proceed.*

This By-Law should prove to be of great benefit to the Corporation and owners should any disagreements arise by helping to manage the process, avoid unwanted delays and control costs.