

FAQ: Condominium Insurance

District residents often call the Department of Insurance, Securities and Banking with questions about condominium insurance. If you are a condominium owner, your ownership presents a number of unusual relationships, among them insurance issues. This consumer guide covers common questions and what you should know about insuring your condominium.

I used to live in an apartment and it doesn't seem like insuring a condominium is different from my previous renters insurance policy. How is it different?

A major difference between owning a condominium and renting an apartment is that condominium owners own the interior walls and floor of the unit so if they are damaged, the individual unit owner is responsible for the repairs. Another difference is that some condominium associations have the authority to assess individual unit owners for certain damage to the building.

Unlike an apartment where the landlord is responsible for repairs to the walls and floors, a condominium owner bears the loss if the walls and floors are damaged. Condominium policies are designed to include insurance if there is damage to the interior walls and floor of the unit.

How are condominium and renters insurance policies similar?

Both policies cover the contents owned by the renter or the condominium owner and both policies cover the renter's and condominium owner's liability if they are found negligent and someone is injured.

As a condominium owner, what decisions do I have to make about my insurance that I didn't have to make as a renter?

As a condominium owner, you will have to decide the value of the walls and floors since you are responsible for insuring them. You will want to estimate what it would cost to replace all the interior walls and floors if they are damaged. Flooring in particular can be very expensive to repair or replace if damaged. You want to ensure that you have adequately valued the cost of replacing damaged floors and walls in the event they are damaged.

If you make improvements by installing new flooring or wall paper, be sure that your values include the cost of these improvements. Insurance companies in the District of Columbia are required by law to include \$10,000 insurance to cover "dwelling" loss (that covers the walls and floors); however, unit owners should consider increasing this amount since even "small losses" can cause damage that may exceed \$10,000.

Additionally, the condominium board of directors can increase these minimum amounts that individual unit owners are required to insure.

You will also have to decide the value of your contents, or personal property. Personal property can be considered anything you can take with you if you leave.

Are there any other pitfalls regarding condominium insurance I need to be aware of?

Some condominium associations have the power to levy assessments against individual unit owners. To find out if your condominium association can assess unit owners, you need to review the association by-laws. Some insurance companies offer insurance that covers certain assessments but you may have to request the coverage.

Also, prior to purchasing coverage, condominium unit owners should review the condominium association bylaws to understand what liability and property coverage minimums and other requirements must be met.

Condominium ownership can present some unusual insurance situations but your insurance professional should be able to help you navigate these matters. You can also contact DISB at 202-727-8000 with questions.

About DISB

The mission of the D.C. Department of Insurance, Securities and Banking is two-fold: 1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia; and 2) develop and improve market conditions to attract and retain financial services firms to the District of Columbia. Visit us online at disb.dc.gov.

Published July 6, 2016