

INSURANCE CHECKLIST FOR SYNDICATES OF CO-OWNERSHIP

INSURANCE CONTRACTS

New or renewals



CHAMBRE
DE L'ASSURANCE
DE DOMMAGES

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INTRODUCTION

Co-ownership insurance is a complex area that a syndicate of co-ownership (the co-owners community) must be familiar with in order to best fulfil the various insurance obligations to which it is committed. The syndicate's responsibility could be held liable if it does not respect the provisions of the law and the declaration of co-ownership.

The syndicate's directors are elected to the board of directors and are in charge of managing the condominium and more specifically, its insurance policies. In addition to their obligations, they must provide information to the other co-owners with regard to relationships between the various insurance contracts.

This insurance checklist (which can be used for a new co-ownership insurance contract or a renewal) is intended for the co-ownership syndicate's directors in order to help clarify their discussions with their damage insurance agent or broker. It specifies their main obligations and lists the important information and necessary documents that must be sent to all the co-owners and the damage insurance agent or broker in order to obtain adequate coverage.

» SECTION 1

OBLIGATIONS OF THE SYNDICATE OF CO-OWNERSHIP AND INSURANCE POLICIES

In general, the syndicate's chief obligation is to preserve and maintain the building and common areas, as well as enforcing the condominium's bylaws (Article 1039 of the Civil Code of Quebec).

As representatives of the syndicates of co-ownership, **you have several responsibilities with regard to the insurance:**

- Keep in mind that an insurance contract is not a maintenance contract. It is therefore necessary to ensure regular maintenance of the building without relying on your insurance to compensate you for repairs to common areas, such as a roof that should have been fixed a long time ago.
- By virtue of Article 1073 of the Civil Code of Quebec, you are required to insure the condominium for:
 - the damages caused by usual risks (water, fire, vandalism) for the replacement value, i.e. the **real reconstruction cost**. We emphasize the importance of obtaining a professional evaluation for this replacement cost, which must specifically include: the demolition costs, taxes, professionals' fees, and upgrades to comply with new regulations in the case of an older building.
 - third-party insurance, for example if a visitor is injured on the stairs of the condominium and sues the syndicate.

>> SECTION 1

- The declaration of co-ownership can ALSO require you to take out insurance to cover the liability of the directors and executives of the syndicate (for example, the chairman of the assembly). Even if the co-ownership statement does not provide for it, it is advisable to take it out. In effect, in the event where the directors of the syndicate are sued for negligence of their duties, for example for damage to reputation, or if one of the co-owners disputes a decision made by the syndicate's Board of Directors because it has gone against the rules of the condominium, they will not be protected unless they have proper insurance coverage.
- Some complementary insurance exists for co-ownership which can be offered through additional coverage (endorsements) or specialized co-ownership programs. They may be advisable in your situation. You should check with your insurance professional.
- A regular building maintenance program and an adequate contingency fund demonstrate the attention given to managing the condominium and are the best way to prevent damage and protect the common assets.

IMPORTANT REMINDER

The syndicate of co-ownership is legally obligated (Article 2470 of the Civil Code of Quebec) to declare to its insurer all damage that could result in a claim, even if they do not file a claim. If the directors fail to disclose this information, any co-owner or person involved can do so instead of the Board of Directors.



IN YOUR RELATIONSHIP WITH INSURANCE PROFESSIONALS, YOU SHOULD:

- act in good faith and in the interest of the syndicates of co-ownership;
- collaborate with your broker or agent, the insurer, and the various stakeholders (for example, the building assessors or inspectors);
- provide documents in order to facilitate the underwriting process and to evaluate the condominium's insurance needs;
- respond honestly and disclose any and all information that could affect the evaluation of the condominium's insurance needs (including prior damage or the refusal or cancellation of previous insurance contracts);
- not hesitate to ask questions if you are not entirely sure you understand the information you have been given;
- not think that the cheapest premium is necessarily the best solution. In fact, if the protection is reduced, exclusions are added or deductibles are increased significantly, you will not actually save money and you could be putting the co-owners property at risk.

» SECTION 2

INFORMATION CONTAINED IN YOUR DECLARATION OF CO-OWNERSHIP — PROVISIONS RELATED TO INSURANCE

Please note that the provisions related to insurance are not necessarily only found in one section of your declaration of co-ownership. You may need to consult several pages of the declaration to find all the relevant clauses.

Date of the initial declaration of co-ownership: _____

Publication in the land registry
(inscription, date, and publication number): _____

Date of amendments (if applicable): _____

- Obligation to insure the syndicate's property and insure against liability:

Clause no. _____

- Obligation to insure the liability of the directors and executives or the officers of the assembly:

Yes No

If yes, clause no. _____

- Obligation of the co-owners to purchase insurance for themselves (for personal property, renovations to their unit, personal liability, etc.):

Yes No

If yes, clause no. _____

- Clause regarding the right to sue between the syndicate and co-owners:

Yes No

If yes, clause no. _____

- Clause regarding the responsibility for maintenance and repair of common areas and private units:

Clause no. _____

- Clause regarding the contingency funds:

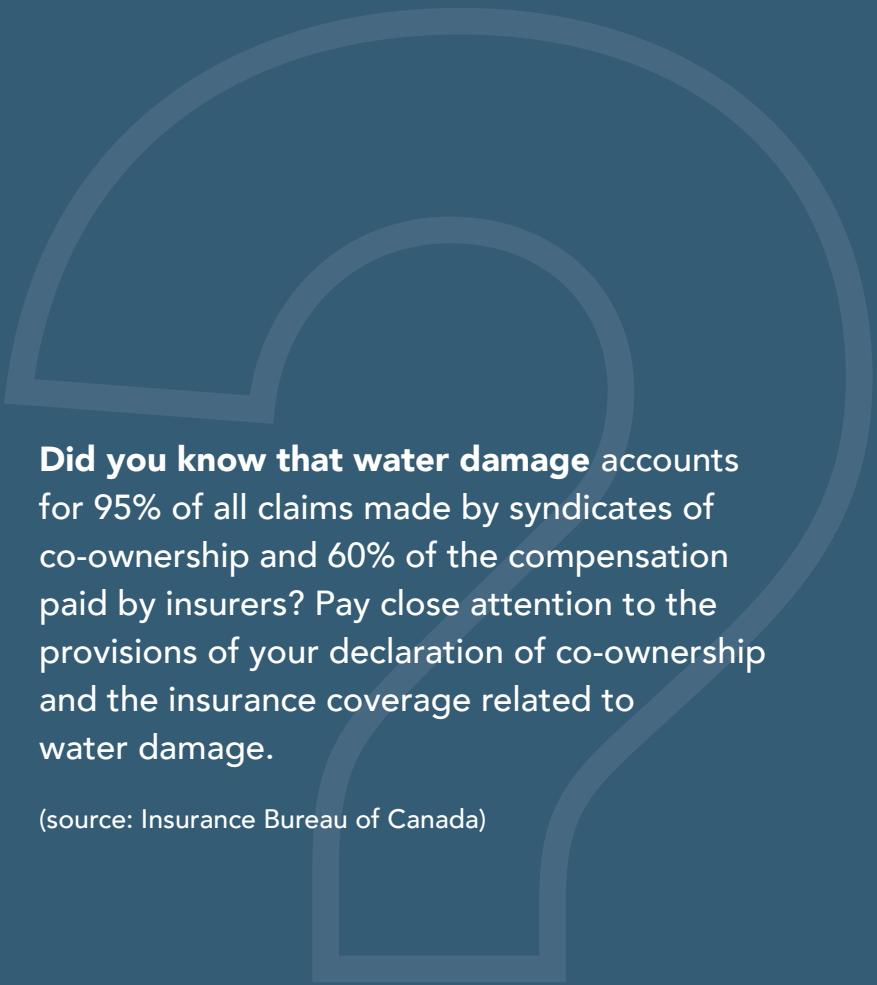
Yes No

If yes, clause no. _____

- Clause regarding the rental of condominium units:

Yes No

If yes, clause no. _____

A large, stylized graphic of a water droplet or a splash, composed of concentric arcs and a central square, occupies the upper half of the page.

Did you know that water damage accounts for 95% of all claims made by syndicates of co-ownership and 60% of the compensation paid by insurers? Pay close attention to the provisions of your declaration of co-ownership and the insurance coverage related to water damage.

(source: Insurance Bureau of Canada)

» SECTION 3

DOCUMENTS AND INFORMATION TO PROVIDE TO YOUR INSURANCE PROFESSIONALS



Your damage insurance agent or broker might ask you for some documents or information in order to evaluate your insurance needs, analyze the risk, and determine a premium.

DOCUMENTS

Recommendation

Retain a **copy of these documents** by collecting them in a safe, easily accessible place for quick consultation such as a binder or in the cloud:

- the declaration of co-ownership;
- financial statements and minutes from recent years;
- the most recent professional evaluation of the property (as well as previous evaluations if available);
- a list of damages from recent years;
- a maintenance record detailing the list of works carried out recently and those to be carried out in the future;
- plans and estimates for the building, if available;
- a list of improvements made to each unit since registration of the condominium;
- the syndicate's current insurance policy (including the specific conditions);
- the condominium owners' insurance policies (or insurance certificates);
- all documents related to the condominium's assets (inventory of items, bills, photos, storage place, etc.);
- contracts with third parties (such as services to call in case of emergency).

USEFUL INFORMATION

Recommendation

The information that follows on pages 7, 8 and 9 is important and concerns all the co-owners. It is recommended to provide them with a copy of this information once a year along with the insurance certificate of the syndicate of co-ownership.

Full name of the syndicate of co-ownership — the “Syndicate” (insured):

**Registration of the syndicate in the Registre des Entreprises
(Québec’s business register):**

Company no.: _____

Date of initial registration: _____

Date of last update: _____

>> SECTION 3

A

INFORMATION REGARDING THE BOARD OF DIRECTORS OF THE SYNDICATE OF CO-OWNERSHIP

Name of the directors on the Board of Directors of the syndicate for the current period:

1. _____

2. _____

3. _____

Name of the professional or external manager, if applicable, for the current period:

NOTE

Determine who will be responsible for communicating with the insurance companies and the professionals. If necessary, draw up a letter to this regard and have the members of the Board of Directors sign it.

B

INFORMATION REGARDING THE CONDOMINIUM

(Some information may need to be confirmed such as the equipment series number, the date devices were installed, etc. It is important to keep these details on hand.)

➤ **number of units:**

- list of contact information of all the condominium owners and their respective shares;
- if the units are rented, the name and contact information of the tenants;
- if they are commercial units, the corresponding details;

➤ **date of construction and type of structure (wood, concrete, etc.);**

➤ **number of floors and elevators (number and details);**

➤ **date of conversion into condominium (if date is different than the date of construction);**

➤ **heating system;**

➤ **water supply and hot water system:**

- age of tank (age and series number, is it rented?, etc.);
- if owners have individual tanks, do you know their age? Who is responsible for verifying and maintaining them?

➤ **maintenance record:**

- recent renovations or major repairs in common areas;
- upcoming repairs or upkeep;

➤ **services offered in common areas and their details (pool, entertainment centre, garage, etc.);**

➤ **details of preventative measures, prevention systems, or leak detection (ex: installation of non-return valves, holding tanks, and alarms in case of leaks) or other precautionary tools (carbon monoxide detectors, smoke detectors, etc.);**

➤ **amount in contingency fund as of (date) _____;**

➤ **list of damages and prior insurance companies including refusals or cancellations of policies (attach an annex if applicable);**

➤ **presence of chimneys, fireplaces and wood burners with compliance certificates.**

>> SECTION 4

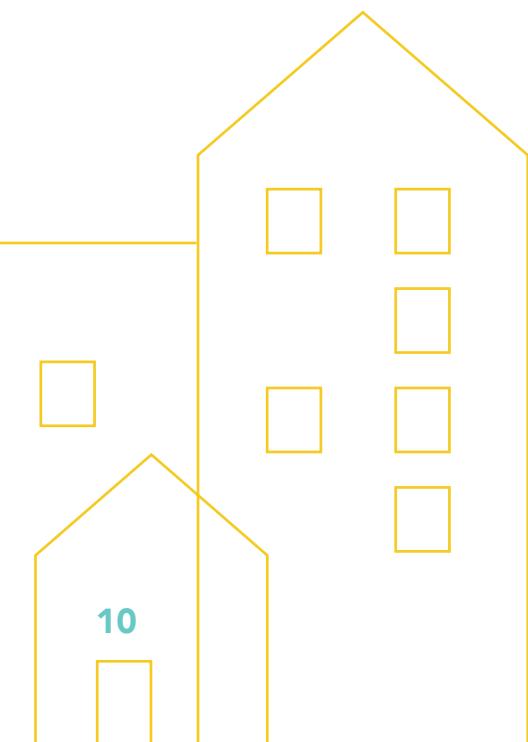
THE SYNDICATE'S INSURANCE CONTRACT

Once the insurance contract is finalized, obtain a copy thereof along with the insurance certificate that lists the main coverage, the insurance amounts, deductibles, and endorsements.

This certificate can be given to the condominium owners, who can use it in discussions with their own damage insurance representative when insuring their personal units. Take advantage of this opportunity to remind the owners about their obligation to separately insure their personal property, their civil responsibility, and the improvements made to their units since the condominium was registered.

QUESTIONS?

Damage insurance contracts are complex. It is important to discuss them with a damage insurance broker or agent to guarantee that the contract you're signing corresponds to your specific needs.



Did you know that damage insurance agents and brokers are trained professionals, certified by the Autorité des marchés financiers and overseen by the Chambre de l'assurance de dommages (ChAD)?

They are required to complete at least 20 hours of ongoing training every two years to refresh or improve their skill set. They are subject to a code of ethics and several laws, and the ChAD supervises their compliance therewith.

To find out more about the role and responsibilities of damage insurance professionals or to file a complaint if you are unsatisfied with the quality of your service, please visit the ChAD website at **chad.ca**.

» SECTION 4

FIND OUT MORE

Co-ownership is a complex topic that can be difficult to understand without proper information. The websites and reference books listed below provide information and education about co-ownership. They can be useful both to condominium owners and to those who sit on the Board of Directors of their syndicate.

YOU CAN VISIT THE WEBSITES BELOW:

➤ **Association des syndicats de copropriété du Québec:**

On this website, the ASCQ publishes news, a journal, and lots of information regarding condominiums.

➤ **Code civil du Québec:**

The official electronic version of the Civil Code of Quebec where you can become more familiar with your legal obligations. The specific obligations related to co-ownership are Articles 1009 to 1109.

➤ **Condolegal.com:**

A team of lawyers and notaries with experience in legal matters related to condominium ownership in Quebec publishes fact sheets, news, videos, and Q&As.

➤ **Infoassurance.ca:**

On this website, the Québec office of the Insurance Bureau of Canada dedicates a clearly-worded section to responding to questions about condominium ownership insurance.

➤ **Lacopropriete.info:**

Initiative of the *Chambre des notaires* of Québec, in collaboration with several professional orders and self-regulatory bodies. This website aims to inform the population of Quebec about the issues surrounding condominiums.

➤ **Protegez-vous.ca:**

This website provides several articles and general advice on condominium ownership.

➤ **Regroupement des gestionnaires et copropriétaires du Québec:**

The RGCO publishes training courses, events, and news about condominium ownership. Also have a look at the magazine *Condoliasion* on the website.

**THE FOLLOWING PUBLICATIONS
ARE ALSO AVAILABLE:**

- *Guide pratique de la copropriété*, published by Éditions Protégez-vous, 2015, 96 p.

This guide explains everything you need to know about condominium ownership, from purchasing to maintenance to insurance and managing the syndicate of co-ownership.

- JOLI-CŒUR, Yves, *L'assurance condo – Tout ce qu'il faut savoir*, Montréal, Wilson & Lafleur, 2011, 234 p.

This guide gives specific answers to frequently asked questions about condominium insurance.

Note: A non-exhaustive list of websites and reference material is provided for information purposes only. The ChAD is not responsible for their content.





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