



Insuring a co-op or condo

If the home you own is an apartment, here's what you need to know about insuring it

Homeowners + Renters Insurance

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Because co-op and condominium owners share their building structures, two policies—a master policy and an individual policy—are required to fully protect all parties involved. Learn more about insuring a co-op or

condo.

If you are purchasing a condo or co-op, the bank will require insurance to protect its investment in your home, and your co-op or condo agreement will likely require you to have insurance, as well. There are actually two different policies necessary to fully insure co-ops and condos: a master policy for the building, and an individual policy to cover you for liability, to protect your belongings and to insure any apartment structural elements that are *not* covered by the master policy.

Here's what you need to know about each type of insurance.

The master co-op or condo policy

This is the policy that protects the entire apartment structure; the building management is responsible for it and its premiums come out of your maintenance fee or association dues. The master policy covers the common areas you share with others in your building like the roof, basement, elevator, boiler and walkways for both liability and physical damage.

In some cases, the association is responsible for insuring the individual condo or co-op units, as they were originally built, including standard fixtures. In these instances, the individual owner is only responsible for insuring alterations to the original structure of the apartment, like a kitchen or bathroom remodel.

In other co-ops or condos, the association is responsible only for insuring the bare walls, floor and ceiling. In the event of a disaster, the owner is responsible for elements like kitchen cabinets, built-in appliances, plumbing, wiring, bathroom fixtures etc.

It is important to know which structural parts of your home are covered by the condo/co-op association master policy and which are not, so you can properly insure your apartment through your individual policy. This information should be in your association's bylaws and/or proprietary lease, which can usually be obtained from the co-op or condo board, or from the company that manages the building. If you have questions, talk to your co-op board, condo association, insurance professional or family attorney.

Your individual co-op or condo insurance policy

Your mortgage lender and your co-op or condo by-laws will likely require that you have your own insurance on top of the master policy because your ability to repair your apartment after a disaster protects the value of the unit.

An individual policy provides coverage for your personal possessions and for any structural elements not covered by the master policy if you are the victim of fire, theft or other disaster listed in your policy. Like a standard homeowners policy, you also get liability and, likely, additional living expenses (ALE) protections.

It's a good idea to find an insurance professional who has experience in co-ops and condominiums. When selecting a policy, don't forget to ask about available discounts, such as for extra bolts on the doors or additional fire alarm systems. If you insure your unit with the same company that underwrites your building's insurance policy, you might also get an additional reduction in premiums.

To adequately insure your home and protect your assets, you may also want to consider the following,

additional coverages. Consult your insurance professional for advice on what's right for you.

- **Unit assessment** reimburses you for your share of an assessment charged to all unit owners as a result of a covered loss. For instance, if there is a fire in the lobby and all the unit owners are charged the cost of repairing the loss.
- **Water backup** insures your property for damage by sewer backups or drain back ups?these are not covered by either your co-op/condo policy or your flood policy.
- **Umbrella liability** is an inexpensive way to get more liability protection and broader coverage than is included in a standard condo/co-op policy.
- Flood insurance **or** earthquake insurance may be necessary if you live in an area prone to these disasters.
- Floater for additional coverage for expensive jewelry, furs or collectibles.

Next step: Figure out how much insurance you need for your home.

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