

NEW: Comprehensive Condominium

Frequently Asked Questions - Effective June 1, 2020



1. When are the changes to the Condominium product effective?

June 1, 2020 we will be transitioning all our policies to the Comprehensive Condominium Product.

The liberalization clause will apply, giving all current Condominium business the benefits of the new wordings.

2. What will the new Condominium Product look like as of June 1, 2020?

NEW PRODUCT HIGHLIGHTS

- Single Limit Coverage for all Condominium forms
- Comprehensive Coverage (Broad form is not available)
- Newly designed independent Condominium manual
- New Plain Language wordings
- Revised Coverage names
- Improved declaration

3. It looks like some of the Condominium Coverages have new names; how have they changed?

We have changed the names as noted below as a result of Condominium market changes. These names align with most Condominium Corporation coverages.

NEW Coverage Name:	Formerly Known As:
Collectively Owned Condominium Property	Condominium Loss Assessment
Condominium Deductible Coverage	Condominium Deductible Assessment
Condominium Unit Coverage	Condominium Additional Coverage
Condominium Unit Owner Improvements Coverage	Condominium Unit Owner Improvements

4. How is the new Condominium Product structured?

With our new Condominium Product, we offer 3 different product forms which all use the same comprehensive plain language wordings. These forms are:

1. Comprehensive Condominium Unit Owners form
2. Rented Condominium Unit form
 - Includes the option to buy-up Rental Income
 - Excludes Tenant Vandalism
 - Includes an automatic Premises Liability Restriction
3. Seasonal Condominium Unit Owners form
 - Includes an automatic Premises Liability Restriction

5. How does the new Single Limit coverage apply for Comprehensive Condominiums?

The Single Limit coverage will be the sum of the following coverages. This limit will be listed on the client's declaration page under the title Single Limit. Single Limit is automatically included for all Condominium policies and cannot be removed.

- Coverage C – Personal Property
- Coverage D – Loss of Use of Your Unit
- Condominium Unit Coverage
- Collectively Owned Condominium Property Coverage
- Condominium Unit Owner Improvements Coverage

Losses under Coverage C will be restricted to 125% of the Coverage C limit to discourage policyholders from intentionally underinsuring to save on premiums.

6. Has there been a change to the Basis of Settlement?

No, there is no change to the basis of settlement. As we are only providing Comprehensive coverage, all three product types will include the Single Limit.

7. Has the minimum Coverage C amount changed?

Yes, minimum content amounts are subject to the following in all regions:

Condominium Policy	Minimum Coverage C Limit
Comprehensive Condominium Unit Owners form	\$30,000
Rented Condominium Unit form	\$10,000
Seasonal Condominium Unit Owners form	\$10,000

8. What changes have been made to the additional coverages in the new Condominium Forms?

There following coverages are now built into all 3 Condominium forms without a special-limit of insurance applying:

1. Fire Department Charges
2. Food Spoilage
3. Glass Coverage

9. How will the Condominium Deductible Coverage work with the new Condominium products?

All 3 new Condominium products include \$25,000 of Condominium Deductible Coverage. This limit can be increased to a maximum of \$100,000 for an additional premium.

10. How does this change affect Life-Leases, Cooperatives and Bareland Condominiums?

At this time we were unable to make changes to how we provide coverage to Life-Leases, Cooperatives and Bareland Condominiums, though we plan to with upcoming changes. In the meantime they will continue to be written as follows:

- Life-Leases and Cooperatives will remain written as a Condominium policy. With the upcoming release of our Tenants product, we will include condominium style endorsements that will allow coverage to be applied properly.
- Bareland Condominiums will remain written as a Homeowners policy. With the upcoming release of our Homeowners product, we will include condominium style endorsements that will allow coverage to be applied properly.

11. How is Limited Sewer Backup Coverage affected by changes to the Condominium Products?

For all new Condominium Products, we have added a \$5,000 limit and policy limit options in all regions. In Manitoba, policy limits are not available, however the coverage limit may be increased from \$50,000 in increments of \$10,000 for an additional premium.

For all existing condominiums renewing June 1 and later, and all new condo products, the Limited Sewer Backup coverage will be adjusted as follows:

NEW Limits	Prior Term Limits
\$5,000	\$1 - \$5,000
\$10,000	\$5,001 to \$9,999
\$20,000	\$10,001 to \$19,999
\$30,000	\$20,001 – \$29,999
\$40,000	\$30,001 – \$39,999
\$50,000	\$40,001 – \$49,999
Policy Limit *not applicable to Manitoba	\$51,001 or more

We are also revising rating and introducing new territories for Sewer Backup coverage. The new Sewer Backup rating territories are part of the Peril-Based rating model. The new territories continue to be based on FSA (first 3 digits of the postal code) and will better reflect the risk in each territory in the Sewer Backup.

12. What is Multiplicative, Peril-Based Rating and how will it impact policyholders?

Multiplicative, Peril-Based Rating allows us to refine our rating variables by tailoring premiums to individual risk characteristics with our goal of alignment with the industry best practice of charging premium proportionate to the expected losses for every risk. This helps to achieve rate adequacy, while ensuring coverage remains sustainable, available and affordable.

VARIABLES

As the rating model determines the premium based on the data collected, specific and accurate information for each risk is vital. This ensures policyholders receive the best, most accurate premium. Where variables are missing or unknown, the rating model inserts default values (though they will appear blank on the declaration page). The following variables may be considered in the determination of premium for each individual Condominium risk:

VARIABLES USED IN RATING

- Absentee Landlord - over 145 km*
- Construction Type
- Deductible
- Fire Station Distance
- Intrusion System
- Number of Families
- Occupancy
- Property Manager
- Territory
- Auto Discount (where applicable)*
- Coverage C Limit
- Fire Alarm
- Floor of Unit*
- Loyalty
- Number of Months Occupied*
- Policyholder Age
- Residence Type
- Under Renovation*
- Building Age
- Credit Score
- Fire Hydrant Distance
- Heat Type
- Number of Claims in 6 Years
- Number of Storeys in the Building*
- Primary Residence Discount*
- Sewer Backup Limit
- Water Leak Detection

*New variables are marked with an asterisk.

13. Will quoting engines be updated to reflect the new rating model?

Third Party Vendor products are expected to correspond with our release.

14. What happens if some of the ratable data fields are not complete? For example, number of storeys in building.

We have provided you with a specialty report on the Broker Portal. This report provides all items that require updating by policy number. It also provides you with information on any coverage changes, including risks that are going from Broad to Comprehensive packages. To allow time for data collection, the new fields do not impact rate at this time and will show as blank on declaration pages until the information is submitted. We will advise you before the new variables begin to impact rate.

You may update these fields in BluePass if it is available in your region and the policy has migrated. Otherwise, the data can be sent to your regional underwriting team.

15. How are underwriting rules & questionnaires impacted?

We are introducing a new Seasonal and Rented Condominium Questionnaire to provide information for eligibility and rating. These questionnaires will be required for new business and renewals as follows:

- All new business or newly added Seasonal or Rented Condominiums
- Renewals will have one year to provide them and then every 5 years thereafter.

16. How will the new claims rating method impact a policy?

For Condominiums, the new claim rating method applies claims on a risk level rather than policy level on policies with an effective date June 1, 2020 or later. Claims will affect the rating of each risk rather than the overall policy. For example: if a Condominium and a Seasonal risk are on the same policy and a claim occurs and is paid on the Seasonal risk, then the claims will only apply and rate on the Seasonal risk, while the Condominium premium will be unaffected by the claim.

17. What is changing with the 2/3 Vacancy Endorsement and how will this impact policyholders?

As of June 1, 2020, The 2/3 Vacancy Endorsement is no longer available for new business or added as an endorsement to an existing policy. Policies that currently have the 2/3 Vacancy Endorsement will renew at full vacancy. Full vacancy factor will be applied.

If you have questions or concerns on this process, please reach out to your Regional Underwriting team who will work with you to provide the answers you need.