

Operational Policy & Practice

Number: 2014 – 02

To: All Staff

Date: November 1, 2014

Subject: **Mandatory Tenant Content and Liability Insurance**

Purpose: The purpose of this policy is to put in place a mandatory content and liability insurance policy requirement. Content and liability insurance is often referred to as tenant insurance. Adequate tenant insurance coverage ensures that in the event of a fire or flood, tenants are protected from the loss of personal effects and liability costs.

Background: The lack of appropriate tenant insurance during an emergency often has a significant financial impact on a tenant. Financial impacts may include:

- Costs in securing temporary accommodations
- Replacing personal belongings
- Repairs to Housing York's property
- Liability for damage caused to other people's property
- Legal expenses incurred from administering claim

With increasing budgetary pressures and a more complex and diverse tenant population, mandatory tenant insurance may mitigate insurance and damage costs absorbed by Housing York.

Legal Authority: The *Residential Tenancies Act, 2006* (RTA) governs the landlord and tenant relationship. Specific details relating to the tenancy are outlined in the lease. Requirements such as tenant insurance can be introduced when a new lease is signed.

As units turn over all new leases will have a lease provision requiring tenants to purchase and maintain a valid tenant insurance policy. Leases with existing tenants will remain without the tenant insurance requirement as the lease cannot be changed without the tenant's prior consent.

The tenant insurance requirement will be phased in as units turn over. During the transition, Housing York will maintain two types of lease agreement until the policy is fully adopted.

Procedure:

Existing Tenants

All existing Housing York tenants are encouraged to obtain a tenant insurance policy.

Tenants who currently do carry a tenant insurance policy are encouraged to sign a new lease with specific requirements obligating them to keep in force a valid tenant insurance policy throughout the duration of their tenancy.

Transferring Tenants

Transferring tenants are legally required to sign a new lease. In some cases this is voluntary and for others it is required in order to remain eligible for rent-geared-to-income, i.e. overhoused household. Tenants in this situation will not be required to purchase a valid tenant insurance policy but will be encouraged to do so.

Prospective Tenants

Prospective tenants are required to provide proof of a valid tenant insurance policy at the time of lease signing. Prospective tenants without tenant insurance coverage will be provided with information about tenant insurance and be encouraged to obtain appropriate coverage. A prospective tenant that refuses to purchase and maintain content and liability insurance will not be approved.

All prospective tenants are required to sign a lease with specific requirements obligating them to keep in force a valid tenant insurance policy throughout the duration of their tenancy.

Annual Verification

Annually all tenants are required to submit verification of their tenant insurance policy by providing Housing York with a Certificate of Insurance.

If a tenant fails to provide a copy of the Certificate of Insurance, Housing York will advise the tenant of the lease requirement and obligation to maintain insurance throughout the duration of their tenancy.

Housing York will not pursue lease termination should a tenant discontinue their content and liability insurance coverage.

Nick Savino
Acting Director, Housing York Inc.

Example of Tenant Insurance Policies in Ontario

SoHo Insurance, an affiliate of the Housing Services Corporation offers a group insurance plan designed for social housing tenants. The tenant insurance plan provides both property and liability coverage. SoHo Insurance offers two insurance options.

Option#1

- \$10,000 of personal possessions
- Up to \$2,000 for additional living expenses
- \$300 deductible per occurrence
- Up to \$500,000 legal defense and settlement costs if the tenant is sued as a result of a negligent act or omission
- Total annual cost \$155.52

Option #2

- \$20,000 of personal possessions
- Up to \$4,000 for additional living expenses
- \$300 deductible per occurrence
- Up to \$1,000,000 legal defense and settlement costs if the tenant is sued as a result of a negligent act or omission
- Total annual cost \$207.36