

**Powers of unit owners to insure**

**27.** (1) Where a building is insured to its replacement value, a unit owner may effect a policy of insurance in respect of any damage to his unit in a sum equal to the amount secured, at the date of any loss referred to in the policy, by any mortgages charged upon his unit. Where any policy of insurance is in force—

- (a) payment shall be made by the insurer under the policy to the mortgagees whose interests are noted thereon in order of their respective priorities, subject to the terms and conditions of the policy;
- (b) subject to the terms and conditions of the policy, the insurer shall be liable to pay thereunder—
  - (i) the value stated in the policy,
  - (ii) the amount of the loss, or
  - (iii) the amount sufficient at the date of the loss to discharge any mortgages charged upon the unit,whichever is the least amount;
- (c) where the amount paid by the insurer equals the amount necessary to discharge a mortgage charged upon the unit, the insurer shall be entitled to an assignment of that mortgage; and
- (d) where the amount so paid by the insurer is less than the amount necessary to discharge a mortgage charged upon the unit, the insurer shall be entitled to a sub-mortgage of the mortgage to secure the amount so paid on terms and conditions agreed upon as provided in subsection (3) or, failing agreement, on the same terms and conditions as those contained in the mortgage made by the unit owner.

(2) Where a building is uninsured, or has been insured to less than its replacement value, a unit owner may—

- (a) effect a policy of insurance in respect of any damage to his unit in a sum equal to the replacement value of his unit less a sum representing the amount to which his unit is insured under any policy of insurance effected on the building; and
- (b) notwithstanding any existing policies, effect a policy of insurance in respect of any damage to his unit in a sum equal to the amount secured, at the date of any loss referred to in the last-mentioned policy, by any mortgages charged upon his unit, and paragraphs (1)(a), (b), (c) and (d) apply in respect of any payment pursuant to the last-mentioned policy.

For the purposes of this subsection, the amount to which a unit is insured under a policy of insurance effected in respect of the building shall be determined by multiplying the value stated in the policy by the unit entitlement of the unit and dividing the product obtained by the sum of the unit entitlement of all units.