

Unit Owner Personal Insurance Guidelines

The purpose of this document is to assist you, the individual unit owner, to purchase personal insurance to meet your own needs.

Your homeowner association provides coverage as defined in the association declarations and bylaws. It is your responsibility to read and review these documents. You will want your personal insurance agent to also be made aware of these documents as they are the basis of how the homeowner association policy and your personal policy should cooperate as it relates to a covered loss.

As a general rule most homeowner association's declarations and bylaws require the individual homeowners to insure the unit for property damage from the unfinished surfaces inward. Items which would fall into this category could include paint, wallpaper, wall paneling, cabinets, lighting, additional alterations, appliances and fixtures. Therefore, we recommend you purchase insurance to provide protection for these types of property.

In addition, you are responsible for insuring your own personal possessions such as furniture, clothing, personal effects including but not limited to fine arts, jewelry, silverware, collectibles, etc.

It is strongly recommended that you consider purchasing Loss Assessment coverage by adding it to your existing home owner's policy. Loss Assessment coverage is specially designed coverage for Unit Owners who are members of an owner's association. This coverage provides a dollar amount to defray the cost of an assessment charged by the owners association against all members, resulting from a covered cause of loss stemming from the associations insurance policy. This coverage is particularly important because of potentially large deductibles that may apply to losses covered under the association's policy for the buildings or premises owned by the members of the association.

For example, due to a covered property loss (wind, hail, fire, explosion etc.) your association is required to pay the deductible on the property policy. In some cases, the property deductible can be as high as 2%-5% of the value of the damaged building for wind and hail losses. If your association did not have the reserves to pay such a deductible or did not purchase a wind/hail deductible buy down policy, you could be required to share in the cost of the large deductible. This is when the Loss Assessment coverage becomes important to have. Some personal lines policies will limit the amount of the total loss assessment coverage on the policy that can be paid toward these kinds of deductibles. Please confirm with your agent if there are any such limitations in your current policy. Not all carriers offer the same limits and coverages. Earthquake and Flood is not covered on most policies. Additional coverage must be purchased for these types of losses.

In addition, it is important for you to purchase personal liability for your own activities which extends to the unit you own.

Please present this information to your personal insurance agency to determine the specific coverages and limits you may need to protect yourself.