

HOA Master Insurance Presentation

As an important reminder, smoke detectors should be replaced every 10 years and batteries changed annually with every unit having at least one working carbon monoxide detector. **Citations and fines** can occur for tampering with or disabling smoke detectors.

HOA Master Insurance is **NOT** a replacement for individual homeowners' insurance or H06 policy coverage. You **MUST** maintain an individual insurance policy to cover your personal contents and unit upgrades, **minimum** recommendation for individual policy coverage is \$50,000.

Following are the questions and responses given by Mr. Charles Kirby with Nationwide Insurance Company at our September 10, 2019 Nationwide Insurance presentation held at Colony House:

1. When was the insurance change made, who directed the change and how was it communicated?

The new walls in policy went into effect 6/1/2019 and was at the direction and guidance of ACS West Management Company, Board President Cindy Graunke and community legal counsel. A copy of the new insurance certificate was emailed to building captains 6/10/2019 for distribution.

2. If we have a catastrophic event like a fire in a building where one-unit owner doesn't have enough coverage to fully restore their one unit, would we be able to get a CO (Certificate of Occupancy) for the building to allow the remaining residents to move back in?

Nationwide Insurance would restore the building with the existing walls in coverage. However, Westwood Village board will need to speak with legal counsel to determine if a CO would be issued if one-unit owner was uninsured/under insured to restore the appliances, upgrades, etc. to their unit.

3. If a unit owner leaves water running in the bathtub and floods the unit below who is responsible for repairing the common elements in between and the unit below?

Master policy would cover both units and common elements in between; Clause in bylaws indicate we cannot subrogate against unit owners for neglect. This subrogation clause would not pertain to renters only unit owners.

4 Does our master policy have cash/actual value or replacement cost coverage? (Cash/actual-value only replaces the value of the insured items minus depreciation, replacement cost removes depreciation and insured items are valued at the cost of replacement today versus when it was bought.)

Replacement cost coverage

5. Can you explain the term loss assessment and what is the loss limit amount on our master policy? Does the master policy cover just liability claims or bodily injury or property damage and would loss assessment coverage protect owners against a special assessment due to repair costs of a covered event? Given loss assessment would likely not cover a special assessment due to normal wear and tear or damage due to items like earthquake or flood which are not covered events, how much loss assessment coverage do you recommend we add to our individual policies to cover damage to the building past the loss limits should a severe incident exceed the loss limit on the master policy?

There is no loss assessment coverage in our master policy, each owner needs to confirm with their individual insurance agent as to what coverage they have in their personal insurance or HO6 policy but bear in mind personal loss assessment coverage will not cover special assessments.

6. Does our master policy insure for flood, earthquake, wind/hail damage and sewer backup?

It does cover wind/hail but DOES NOT cover flood, earthquake or sewer backup, those items you will need to discuss with your individual agent as to whether to include that coverage in your personal HO6/contents coverage policy.

7. What is our deductible amount on the master insurance policy and who pays the deductible? If we have damage to 3 different units, does each unit owner pay the deductible? Assumption is that this is a single incident with one deductible, who pays the deductible--the Association, the owner or both equally? Could owners obtain insurance from their carriers that cover all or some of the \$5,000 master policy deductible?

\$5,000 per incident so the deductible is paid one time PER INCIDENT regardless of the number of units damaged; Mr. Kirby is unable to advise whether the deductible would be divided among residents or if the association is responsible for paying deductible, the board will need to direct that question to legal counsel.

8. If there were a discrepancy between coverage from the master policy versus individual policy how would that be handled?

Master policy is always primary, H06 is secondary

9. What was the amount of increase in our premium from walls out to walls in and will the additional coverage price lead to an increase in HOA dues?

The increase from walls out to walls in coverage amounted to an increase around \$16,000 annually. The 2020 budget is still in the process of being compiled by the finance committee and as such we do not know if or by how much the HOA dues may increase. However, there are many extraneous expenses ex. increased custodial fees, roof/sidewalk repairs, fire suppression and elevator maintenance increases that must be accounted for in the 2020 budget along with current inflation rates that will go into the formula for factoring if and by how much HOA dues may need to be increased for 2020. The next reserve replacement study will also take these items into account within the next 5 years to determine when/if dues should be increased.

10. If damage is discovered and the cause unable to be determined i.e. damage to a window, is that an insurable incident and who is responsible for the deductible the owner or association?

There has to be cause of loss determined for it to be a valid claim. The deductible question must be answered by the board/legal counsel.