

OV Insurance Needs

No bother at all. I will do my best to answer your questions below, however, the Master Policy for the HOA would not be considered an HO-6. The HO-6 (otherwise known as a condo policy) is what the unit owners would want to get to supplement what the master policy does not cover. The master policy is actually a commercial business owners (BOP) policy.

1. Unfortunately, I can't say much with regard to the CC&R's and its adherence as the CC&R's are more designed for contract law than insurance terms and definitions, but I can confirm that the policy has the following per what the CC&R's state:

- The master policy is "All in" or "Walls In & Out", and includes "betterments and improvements" which pertain to items like the countertops, flooring, cabinets, etc.
- The master policy does include "Special Perils"
- The master policy does include "Replacement Cost" and the coverage was originally based on the results of a replacement calculation
- The master policy does include a form of inflation guard where the dwelling coverage automatically increases every year (however, I always encourage the board to evaluate the renewal numbers each year to see if they are comfortable with the building coverage)
- The master policy does include coverage amounts for "Building Ordinance or Law" and "Equipment breakdown"

2. Each unit owner should carry their own HO-6 (Condo Policy) to provide coverages and protect gaps that the master policy does not insure, below is a breakdown of some of the coverages the condo policy should provide:

- At least \$10,000 in dwelling, building coverage. This is coverage equal to the master policies deductible. This is to help cover any claims that would be less than the master policies deductible since it wouldn't make sense to put in a claim on anything less than 10,000 on the master policy.
- Personal Property Coverage - The master policy would not cover the unit owners personal property such as furniture, clothing, electronics, etc. They would want to make sure this coverage is added on to their HO-6 (condo) policy for the amount they feel is adequate.
- Personal Liability - The master policy would not cover the unit owners personal liability. The personal liability is vital in protecting the unit owner for specific incidents they are liable for such as a slip and fall in the home. This would automatically be included in their HO-6 (condo policy) but they have to decide how much coverage they want (I recommend at least 300,000)
- Additional coverages - The HO-6 should also have options to add additional coverages or increase limits that the Master Policy does not provide. Some examples are Loss of use (coverage for housing should the home become uninhabitable from a claim while the home is being repaired), Water/Sewage back up coverage (while the master policy does have coverage for this, I always encourage unit owners to add this endorsement to their condo policy. Many of these types of claims fall under the master policy deductible amount and the condo policy is the best way to get coverage for those)

We also have a letterhead that we customize and send to the board at their request to send out to unit owners. The letterhead attempts to clarify the relationship between the HOA master policy and what the unit owner should do. Attached is an example.

Hopefully this helps, but please let me know if you have any additional questions.

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