

During the January 15, 2019, HOA meeting there was a presentation regarding the importance of having the proper homeowner insurance. This is a recap of the topics discussed.

**It is very important for every homeowner to consult with their insurance agent while selecting the coverage that is appropriate for their personal situation. The HOA presentation was designed to assist with that discussion.**

- It is suggested that homeowners may want to consider a HO-6 policy, or its equivalent, that is designed to insure condominium/townhouse units.
- The homeowner is responsible for insuring the structural interior that is not covered by the HOA master policy as spelled out in the association's CC&Rs and Bylaws. It is very important to read these documents thoroughly to understand what the HOA will insure and what the homeowner is responsible for.
- Consider replacement cost coverage.
- Make a list of all the items that are not covered by the HOA insurance policy and determine the replacement cost of those items. Consider everything in your home from the drywall inside as the responsibility of the homeowner to replace. The association's documents will assist you in determining what items you need to insure. You may wish to share those documents with your insurance professional to assist in the discussion.
- In order to document all of the items in your home that you need to replace, it is helpful if you have detailed pictures (and a list) of everything inside your home. More pictures are better than fewer pictures. Store those pictures off site, as in a cloud storage site, as opposed to in-home where they can be destroyed in the event of an insured loss.
- In addition to having to rebuild the interior of your home, make sure that you have enough coverage to replace your personal items.
- Consider coverage for interior damage caused by leaks, glass coverage and sewer backup.
- Loss assessment insurance, also called special assessment coverage, is optional coverage that you can add to a condo/townhouse insurance policy that covers situations in which the owners of a condominium/townhouse are financially responsible for a shared loss, so long as the issue was a covered peril. One example may be where the HOA insurance has a \$10,000 deductible in the event of a fire in a home. In this case, the homeowner(s) may be assessed the

\$10,000. Loss assessment coverage may cover that assessment. In most cases this type of coverage is very inexpensive and is often overlooked.

- Buy adequate liability coverage. Consider purchasing an Umbrella Policy.
- Make sure that you have adequate loss of use coverage in the event that you must relocate while your home is being rebuilt/repaired.

A homeowner and the HOA experienced an unfortunate loss in the summer of 2018, when a home was struck by lightning. While one home suffered the lightning strike, the adjacent home was damaged by the water and smoke. For many months the homeowners were required to live in temporary housing while the rebuilding was going on. During the HOA meeting, one of the affected homeowners shared his experiences with the audience. Some of the important takeaways were:

- It was necessary to deal with 2 insurance companies while rebuilding the home. This included the personal insurance carrier and the HOA carrier. There were communication, timing and coverage challenges that had to be addressed.
- The cost to rebuild the interior of the home (not considering the personal items that needed to be replaced) was almost the cost of the original purchase price of the home. This highlighted the need to have adequate coverage.
- Reconstructing the items that were lost was a challenge because many of the pictures were lost in the fire.
- Most of the interior damage below the attic was caused by the water from the fire department.
- Consider all the people you might need to contact immediately after a loss of this type and make sure you have the contact information in a place that you can access quickly outside your home.
- Don't underestimate the time it will take to rebuild the home.

**Please take the time to review your current homeowner insurance policy and discuss the coverage that is appropriate for your personal situation with your insurance agent.**

While we hope that you will never have to use this coverage, we know from prior experience that emergencies occur very quickly and are often outside the homeowner's control.