

Insurance Questions

Q. What does the Homeowner Association's Property Insurance Policy cover?

A. The HOA property policy is designed primarily to repair/rebuild the common property after a major loss, such as from a fire or a severe storm. This includes the cost to rebuild walls, roofs and other common property. The deductible is quite high compared to a single-family home policy. It varies by loss type, but a deductible of \$10,000 per loss is common.

Q. Does the Homeowner Association's Insurance Policy cover damages to my personal property?

A. No. HOA policies are not designed to cover losses to your clothes, jewelry or other types of personal property. It is true that most policies do have limited coverage for originally installed items in a home such as cabinets, interior doors and other fixtures. However, we suggest that you do not count on them to cover your losses if these items are damaged. The reason is that the vast majority of losses the association faces fall below the deductible amount. (For instance, it's very unlikely repairs to a roof leak and say, cabinet damage in a home, would total over \$10,000.) In such an instance, a claim would not be filed and you would need to cover the loss for these items in your home. Your best bet is to obtain your own personal property coverage. In fact your Bylaws strongly urge you to do so.

We strongly encourage you to have your personal insurance agent speak with the agent providing the association's coverage. They are trained to determine if gaps in your coverage exist.

Q. My Mortgage Company has sent me a request for proof-of-insurance provided by the Homeowner Association. Where do I get it?

A. Contact Management. Mortgage Companies often request this and providing proof of insurance is a management responsibility.

Q. Does the association have liability coverage if, for instance, my visitor trips and falls down the staircase in my home?

A. No. The association has a liability policy for accidents that occur on the common property, but not for incidents occurring in homes.

A Note About Personal Liability Coverage - We have had owners, when they experience an 'insurable' loss, run into the following situation:

When the agent/adjuster asks if they were responsible for the loss (for example a flood coming from their home), they run into a strange Catch 22. If they answer with "*I am a very careful person and have no culpability in this*", policy coverage is denied! However, if the owner admits to a mistake or carelessness, coverage is approved!

It's worth talking this '*covered if I'm careless, not covered if I'm careful*' issue over with your insurance agent when you buy your policy.