

## ***AUO of Sunshine Creek Condominiums- Insurance Overview***

Policy Deductible \$25,000

Policy Period: 01/10/2023 to 01/10/2024

Water Damage Deductible: \$25,000/Unit

This two-page fact sheet is designed to assist you in purchasing individual insurance policies, filing claims, and ordering certificates of insurance.

### **Key information regarding the association's master policy:**

- 1) Common elements limited common elements and units are covered.
- 2) **Betterments, improvements, and upgrades made at the expense of the current or previous owner are covered.** These items include upgrade carpeting, cabinets, and appliances as well as wall coverings, built-in bookshelves, and other permanent fixtures.
- 3) The master policy carries "Special Form" coverage, which includes fire, lightning, windstorm, hail, explosion, riot, aircraft and vehicle damage, smoke, vandalism, falling objects, weight of ice, snow or sleet, collapse, sudden rapid water escape of overflow from plumbing or appliances, frozen pipes, and convector units.
- 4) No coverage is provided for wear and tear, deterioration, damage by insects or animals, settling or cracking of foundation, walls, basements, or roofs. **There is no coverage for damage caused by repeated leaking or seeping from appliances or plumbing. This includes leaking from around shower, bathtub, toilet, or sink.** These events are properly classified as maintenance items. This policy contains full details on coverages, limitations, and exclusions.

### **Key information regarding unit owner's insurance needs:**

- 1) You should purchase a condominium owner's policy, also known as an **HO-6**, to provide coverage for:
  - **Building (Dwelling) Property coverage-** At least \$25,000 however higher limits are recommended.
  - **Personal Property-** Limit is set by unit owner and the value of their items.
  - **Liability-** We recommend \$300,000 or higher however association may require higher.
  - **Loss Assessment coverage-** We recommend getting the highest limit available
  - **Loss of Use-** This provides coverage when a unit owner must stay elsewhere because their unit is un-inhabitable due to a loss.
  - **Sewer back up-** Check with your carrier to see if this coverage needs to be endorsed. The limit should be sufficient to cover any of the associations building or water damage deductibles.
- 2) The association master policy carries a **\$25,000 deductible**. In the event of a claim the association will seek to recover that deductible from the unit owners involved in the claim. Your responsibility for the deductible may be insured by your individual policy, subject to your own deductible, though you may need to add building coverage. Some insurers cover the claim under the loss assessment. Ask your personal insurance agent.

### **Key information regarding tenant's insurance needs:**

- 1) You should purchase a renter's policy, also known as an **HO-4**, to provide coverage for things such as personal property that could include furniture, personal liability no less than \$500,000, additional living expenses (in the event your unit is uninhabitable due to a covered loss).

**We recommend reaching out to your agent to review your personal policy coverage and make sure they align with the association's policy.**

**Claims:** If you have a claim that you believe needs to be submitted to the association policy, you must first notify the association manager or a board member. ABI Insurance only accepts claims from an association manager or a designated member of the Board of Directors. Claims are not accepted by unit owners.

**Certificates of Insurance:** Certificates of insurance may be requested by calling (503) 292-1580 or at [www.abicondo.com](http://www.abicondo.com).

**Insurance Newsletter:** Sign up for the ABI monthly insurance newsletter which includes discussions on industry hot topics, common exclusions, owners, and Board specific questions, as well as loss prevention tips. Subscribe for free here: <https://abipdx.com/newslettersignup/>

**Please note that the coverage outlined in this letter applies to association policies insured through American Benefits only. If the association changes carriers, they will need to reevaluate what the unit owner needs to cover.**

## Earthquake coverage – What unit owners should know to cover their share in the event of a loss.

### Earthquake Limit: \$10,000,000

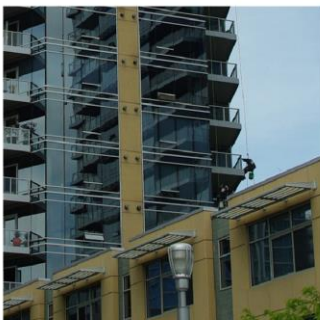
*Although most community associations these days tend to carry a master earthquake policy, individual unit owners often remain confused about what coverage they should carry themselves to supplement the earthquake coverage that is provided under the association policy. Here is an explanation of the minimum coverage we recommend.*

1. **Earthquake Loss Assessment Coverage** - The normal loss assessment coverage included in most unit owner policies specifically excludes a special assessment by the board of directors to cover the deductible due to earthquake damage. As a result, it is important that an owner get in touch with their agent or broker and discuss this coverage and ways to include it as part of their own unit owner policy. For example, if the deductible on the master policy is five percent (5%) of the buildings value the board of directors generally has no alternative but to levy a special assessment against all unit owners in the association to pay that deductible. Even if some units are not affected by an earthquake, they will generally still be called upon to pay for their share of the deductible for earthquake damage elsewhere in the association property.

**IMPORTANT:** To determine approximately how much earthquake coverage, you should carry to pay your share of the deductible, you can estimate the approximate special assessment for owners by multiplying the total amount of building coverage limit covered by the master policy times the percentage deductible carried on that coverage and dividing that amount by the number of units in the association.

2. **Earthquake Coverage on Personal Property** – Carrying an earthquake endorsement on an individual policy would protect the contents within your condominium unit, such as clothes and furniture against loss due to earthquake (subject to your policy deductible percentage).
3. **Earthquake-"Loss of Use" Coverage** - This section of the unit owner policy would pay out for additional living expenses incurred (hotel, restaurants, etc.) while your condominium unit is uninhabitable because of damage from an "insured peril". This would mean for coverage to apply the individual would need to carry the earthquake endorsement on the individual unit owner policy.
4. **Earthquake-Building Property Coverage** - This section of the individual unit owner policy would be to cover damaged structural elements of the individual unit which is not insured by the master policy. This could be due to the deductible or building components that are not covered per association documents.

**Please note that the coverage outlined in this letter applies to association policies insured through American Benefits only. If the association changes carriers, they will need to reevaluate what the unit owner needs to cover.**



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