

Windsor Lakes insurance information for 2023-2024

Before we discuss deductibles, we need to establish that the discussion is going to be about two different insurance policies; the individual townhome owner's policy and the community or HOA policy and how they interact.

It has been recommended that each townhome owner have what is identified as a condominium or an HO6 policy, as it is identified by agents and is the type of policy that covers the contents of our townhomes. The difference between a simple renter's policy and an HO6 is the ability of a townhome owner to get "Loss Assessment" coverage in the HO6 or condominium policy. The importance of Loss Assessment coverage will be explained in a moment.

The HOA insurance policy that applies to the Townhome owners is for coverage of the physical structure of the building which includes both residences that are under the one roof. We have 174 townhome residences under 87 roofs. There are several factors that affect the amount of the deductible that the HOA would have to cover. Basic Loss is defined by the insurance company as All Other Perils (AOP) and has a \$25,000 deductible. AOP claims could include fire, physical damage to roof or walls, etc. There is a different deductible of 2% per building for wind, hail and named storm with a minimum of \$50,000.

This HOA deductible is what is passed on to the HOA townhome owners in the form of an assessment. If only one residence receives damage, it would be up to that townhome owner to cover the full \$25,000 deductible. This is where the townhome owner's condominium or HO6 policy comes into play and why the recommendation from the HOA for "Loss Assessment" coverage is at least \$25,000. An HO6 condominium insurance policy typically covers water damage, including damage caused by water pipe breakage. However, coverage specifics can vary, so it's crucial to review your policy and understand the terms, limits, and any exclusions related to water damage. Some policies might exclude certain types of water damage or require additional endorsements for specific coverages. Contact your insurance provider to clarify your policy details and insure you have the appropriate coverage for potential water related issues.

If only one building, two property owners, were involved in the damage loss, the deductible assessment could be divided in half with each owner owing \$12,500.

If the development was struck by a tornado and multiple townhomes were damaged, the deductible could be divided amongst all of the owners that were affected. If there were 20 townhomes that received damage, the deductible could be divided equally amongst all 20 townhome owners. Ultimately, it is the responsibility of the HOA Board to determine the most equitable distribution of the cost of the HOA deductible.

The townhome owners should check their Condominium or HO6 policy or with their agent to verify that they have "Loss Assessment" coverage of at least \$25,000.

2023/2024 Windsor Lakes Townhouse/Duplex Insurance Recommendations

Personal Lines Coverage

Type of coverage	Limits	Explanation
General Liability for the unit	\$500,000 or more	This protects the unit owner if anyone were to be injured in their residence, common areas excluded.
Personal property coverage/theft	Limits will vary based on amount or personal property in the unit.	This is to protect for the loss of personal property such as jewelry, clothing, furniture, electronics, art, etc. The limits should be based on how much it would cost to replace all personal property in a unit.
Loss of use coverage (displacement coverage) <i>*See note 1</i>	Percentage or maximum days, varies by insurance carrier.	This limit will vary. If the unit is uninhabitable due to a covered loss, the resident will have coverage for alternative living arrangements.
Loss Assessment Coverage	Limits and deductibles vary, helps protect for assessment with wind/hail deductible. Recommended min of \$25K.	This protects against assessments the association may levy in case of a loss.
Dwelling Coverage <i>*See note 2</i>	A minimum of \$25,000 for the highest association deductible. Any additional coverage is based on updates/improvements to the unit.	This coverage is for any interior of the unit and any betterments or improvements (updates) that have been made to the unit. The limits should cover the cost of bringing it back to its original condition.

*If the unit is rented out then the **unit owner** would need to cover the dwelling (see above) and have liability coverage in place. The **unit owner** should also have loss of income coverage. **The renter** will need **Renters insurance** to cover their personal property, personal liability, and loss of use since they are the resident.

Note 1- The master policy will replace the building structure. Since the named insured on the master policy is the community, it will not cover alternative living for unit owners not residing in the insured unit.

Note 2- The master policy currently in place, covers the **REAL PROPERTY REPLACEMENT COST (100% of Scheduled Value)**. This includes betterments/improvements that have been made by the unit owner. While normal HOA deductible is \$25,000.00 in the case of a major wind related storm, the minimum deductible for the HOA is \$50,000.00, which, if exceeded, then reverts to a deductible of 2% of the listed value of the damaged properties. The **minimum Loss Assessment coverage should be for \$25K**. Your insurance committee recommends you investigate the cost difference for the **\$50K Loss Assessment coverage**.