

## HOW THE ASSOCIATION'S POLICY BLENDS WITH YOUR HOMEOWNER'S POLICY

THIS DOCUMENT ON THE SUMMERHILL WEBSITE IS FOR INFORMATIONAL PURPOSES ONLY. THE PRINTED AND SIGNED VERSION TAKES PRECEDENCE.

### **What Summer Hill Village' master policy provides:**

1. The common elements, limited common elements and units are covered.
2. Those items in the unit which are the declarant's or developer's original specifications are covered with replacements of like kind and quality. Items covered include interior walls, cabinetry, plumbing fixtures, appliances and floor coverings.
3. Also, betterments, improvements and upgrades made at the expense of the unit owner are covered. Those items could include upgraded carpeting, cabinets and appliances as well as wall coverings, built-in bookshelves and other permanent additions.
4. Except for specific limited items, coverage is provided on a Guaranteed Replacement Cost basis. Guaranteed Replacement Cost is replacement cost with no limit.
5. The Association's policy is *primary* with regard to any other insurance in the name of any unit owner which covers the same property. That is, the Association's policy will respond to the claim *first* and the unit owner's policy will respond *next*.
6. The Association's policy's basic property deductible is \$10,000 per occurrence which includes claims for fire, smoke, windstorm, water damage and vandalism.

### **What is the homeowner's insurance responsibility?**

*1. Dwelling* - If Summer Hill Village's practice is to make the unit owner responsible for the association's policy deductible, the unit owner should have coverage for the dwelling and betterments and improvements in an amount to cover the association's deductible.

Most condominium unit owner policies automatically provide some coverage for the unit and betterments and improvements in the unit. Usually the automatic coverage is *10%* of the unit owner's contents or personal property limit. If, for example, the unit owner has a \$50,000 contents limit, the policy provides *10%* or a \$5,000 coverage limit for the unit subject to the unit owner's deductible of, perhaps, \$250.

Summer Hill Village's basic property deductible is \$10,000. The association's policy provides primary coverage and will pay for damage incurred above the \$10,000 policy deductible. If the unit owner is made responsible for the association's policy deductible, the unit owner is responsible for the first \$10,000 damage to his unit.

Since the unit owner is responsible for the first \$10,000 damage, he can file a claim with his homeowner's insurance company. The homeowner's carrier will respond to the claim subject to the unit owner's lower deductible. The unit owner shares the responsibility for the insurance claim and has a small out-of-pocket expense. The association policy is reserved for larger, more

serious claims and does not become a maintenance policy.

### **What is the homeowner's insurance responsibility?**

2. *Contents or Personal Property Coverage* - Coverage for furniture, clothes and household items.

3. *Loss of Use* - Provides coverage for additional living expenses in the event that a fire or other catastrophe should force the homeowner to temporarily live away from his home.

4. *Personal Liability* - Protects you if others make a claim or bring suit against you for bodily injury or property damage for which you or members of your family are responsible.

5. *Loss Assessment Coverage* - Provides coverage for a special assessment made by the association for certain kinds of losses. For example, someone is seriously injured on common property and is awarded a judgment which is higher than the amount of liability coverage provided on the condominium's policy. Please note that most policies **exclude** loss assessment coverage for earthquake.

### **How are association claims filed?**

CAU's standard procedure is to only accept a claim from the property manager or a designated member of the board of directors. Claims are not accepted directly from a homeowner.

### **Condominium Certificates:**

The bank or mortgage company which holds your mortgage loan may require evidence that the Association's policy is in force and provides coverage for your unit. **Please do not ignore requests for evidence of insurance coverage from your mortgage holder.** If your lender does not receive the proper certificate, they will buy additional coverage for you and charge your escrow account. When you receive a written request from your mortgage holder for a certificate, please forward a copy to:

Certificate Department  
Community Association Underwriters  
1098 Washington Crossing Road, Suite 5  
Washington Crossing, PA 18977

Please make certain your request includes:

- \* Name(s) of unit owner(s) as they appear on the loan
- \* Address of the unit
- \* Loan number
- \* Name of lender or financial institution
- \* Address of the lender

The CAU certificate department will issue the proper certificate and forward it directly to your lender. If a certificate is required immediately, the information can be faxed to our certificate department for processing. The fax number is (215) 321-4394.