

Interlacing Association and Unit Owner's Policies 2022-23 Term

Unit owners may be responsible for a portion, and in some cases all, of the association's deductible. Unit owners are also responsible for insuring any improvements or betterments made to their unit, unless your condo declarations state otherwise. The association's property policy will only restore your unit with items of the type and quality initially installed when your unit was originally conveyed. One way to transfer this risk is through a unit owner's policy.

Your association's policy has a per unit water damage deductible of \$10,000. In the event of a covered water loss, each unit will be responsible for \$10,000 in damage before the association's policy will begin to respond. Within your unit owner's policy, coverage A, commonly referred to as dwelling or building, is the appropriate area to address this deductible. In addition to the \$10,000 water damage deductible, your dwelling/building limit also needs to incorporate any improvements or betterments made to your unit after its original sale. It is also recommended to pad the limit with something you feel comfortable with as this is the minimum you may be responsible for.

It's also recommended to carry at least \$10,000 in loss assessment coverage as the association can assess the \$10,000 per unit water deductible to you. Some unit owner insurance carriers cover the water damage deductible under coverage A and some apply the association's deductible to loss assessment. We have seen it done both ways, so this is why we recommend covering yourself both ways. The cost for the loss assessment endorsement is minimal and most policies automatically provide a small amount of this coverage. Verify it's the proper limit to suit your needs.

Keep in mind there are many other coverage areas and endorsements specific to unit owner policies that need to be discussed with the insurance carrier/agent insuring your unit. This letter is very general in nature, only addresses some property exposures, and it's not tailored to meet the specific needs of every unit owner. Please review your policy for exclusions that may apply. Keep in mind your association's deductibles may change and this letter may no longer be an accurate representation. Please address your specific needs with your current insurance carrier/agent.

If we can be of further assistance in answering any questions regarding the master policy, or the unit owner's policy, please call.

Thank you,

Buddy Whitaker
Hamby & Aloisio Inc.
53 Perimeter Center East, Suite 400
Atlanta, GA 30346
Phone - (770) 551-3270 Fax - (770)551-3289