

## Condominium Insurance

Heritage Village Condominiums maintains an insurance policy as required in the governing documents for Heritage Village. This article does not require the Association to cover the contents of a unit or any upgrades that have been made by the current or previous unit owner(s). Also, in the event of a claim, the unit owner is usually responsible for the deductible, which is \$10,000.00. An example of when the Association would be responsible for the deductible would be a storm or high winds which caused damage to the property.

For these reasons, it is imperative that each homeowner carries an individual unit owner policy, commonly referred to as an HO6 policy. This insurance policy should cover the following five items:

- (1) Personal Property - Contents within your home such as furniture and clothing.
- (2) Loss of Use Protection or Loss of Rents Protection - Pays for necessary living expenses, such as a hotel room, while the unit is uninhabitable due to an insured peril. If your unit is investment property, the loss of rents protection is applied.
- (3) Loss Assessment Coverage - Offers protection against your portion of a loss assessment levied by the Association on all members for an insured peril.
- (4) Real Property Coverage - Designed to cover those portions of the unit not insured by the Master Policy of the Association, and in some instances, even the Master Policy deductible.
- (5) Personal Liability - Provides coverage for bodily injury or personal property for which you as a unit owner may be legally responsible. Due to the close proximity of neighboring units, if a unit owner has a fire or plumbing leak emanating from his unit, it is much more likely that a neighboring unit will also suffer damages. Since the insurance carried by the Association carries a minimum deductible of \$5,000, and does not cover contents or upgrades, it is possible that two or more units may sustain damages, but the total insured damages may be below the deductible. In this event the owner of the unit from which the claim emanated is responsible for all repairs.

It is strongly recommended that you speak with your insurance agent about the five items which should be covered in your HO6 policy. It is also recommended that you ensure that your coverage will pay the maximum Master Policy deductible in the event of a claim, since the unit owner is responsible for the deductible.

Additionally, in the event that your unit sustains damage from a peril in a neighboring unit, the owner of which does have an individual insurance policy, your HO6 policy will provide coverage.

In the event that you own a unit as investment property, the HO6 policy does not cover the contents, and your tenant will need renter's insurance to cover his personal belongings.

If you own your unit as a second home, vacation home, or as investment property, you need a separate owner's policy for your condominium. Simply adding the condominium to your existing homeowners policy does not provide protection for (1) real property, (2) loss of use/rents, or (3) loss assessment coverage.