

December 20, 2011

TO: Bixby Village HOA Homeowner

RE: HOA Master Insurance Policy

Dear Home Owner:

The association master policy offers broad coverage to protect you and the Association. However, with the deductible and CC&R requirements to follow, you will need your own policy to be fully covered. Please read this Q&A letter to make sure you have complete and adequate coverage in the event you suffer an insurable loss. Please contact your personal insurance agent for advice as to what coverage you will need.

The deductible for the Association's Master Insurance Policy is \$25,000. This has financial implications for you, which are discussed in detail below.

Question: Are my contents and personal belongings insured under the Association's Master Policy? If not, then how do I cover them?

Answer: No, each homeowner is responsible for insuring their personal belongings or contents. Condo Unit Owner's insurance policies are available to provide this protection. ***Make sure you get minimum of \$25,000 of building betterment and improvement coverage to cover the master deductible, plus the cost to replace any attached property upgraded from the original installation, when you get a quote. This will make sure your adequately covered for your exposure to a loss in your home.*** This policy can be obtained through your personal insurance agent or broker.

Question: Does our association's master policy carry Earthquake coverage?

Answer: Yes, your Association does carry earthquake coverage on the master policy. The Earthquake coverage covers a maximum of \$5,000,000 of building structures, including the interior walls of each home, ***but no coverage for your personal belongings***. The deductible is based on 20% of the replacement cost of each building.

Question: Is there a way to add coverage to my condo homeowner policy for the Special Assessment from an earthquake?

Answer: **Yes.** There must be an Earthquake Endorsement or California Earthquake Authority Policy added to the condo homeowner's policy, in order to have Loss Assessment coverage for earthquake claims, which will cover this special assessment.

Question: If my unit is red tagged by the county due to the damages it sustained during an earthquake, is the association responsible for paying my additional living expenses?

Answer: **No.** If you purchase a condo homeowner's policy with Earthquake coverage, that policy will pay for your additional living expenses that you may incur, up to the policy limit.

We recommend that each homeowner take an inventory of all the personal items in your home, either by writing them down, taking pictures or videotaping each room to help identify all of your items in the event of a total loss. The documentation should be stored somewhere off the premise of your home, such as your work place, a relative's home or even a safety deposit box.

Question: Is there coverage available to pay other special assessments made by the association?

Answer: Yes and No.

Yes - On most all Condominium Unit Owners Policies you will find Loss Assessment coverage. If the association must levy an assessment to make repairs to property that was covered in an insured loss, you can claim this assessment on your condo owners policy. For example, if a building is damaged in a fire, and there are not enough insurance proceeds to repair the building, the association may assess the membership the balance to make the repairs, and your Loss Assessment coverage could be used to pay this assessment.

No – There is no coverage for assessments made to perform normal property maintenance, such as exterior painting projects, roof repair/replacement or street maintenance.

Sincerely,

David M. Jeranko
Alante Insurance Services
Your Association's Insurance Brokers

Jim Berg
Berg Insurance Agency