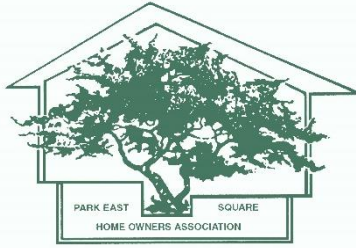


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Insurance Information Flyer for Park East Square Homeowners

December, 2018

PESHA's New Master Insurance Policy:

As you may recall, our insurance premiums have been rising steadily, and this year we were informed by American Family that they no longer would insure us (nothing that we did – simply that many companies don't want to insure HOA's anymore.) We are now insured with Berkshire Hathaway, and our agent continues to be the Ella Washington Agency (see contact information below).

New Changes to the Master Insurance Policy:

The new industry standard for Colorado is a 5% deductible for wind and hail damage. If we were to have a situation similar to what we had in 2015 when we had to replace **all** the roofs, each Unit Owner's share of the deductible could amount to over \$7,000! **It is important that you examine your HO-6 policy regarding Loss Assessment Coverage:** Here are recommended questions to ask your agent:

- Do I have Loss Assessment Coverage?
- Does my policy cover Special Assessments resulting from my HOA's wind or hail deductible?
- Is there a maximum amount my Loss Assessment Endorsement will cover for claims involving wind or hail?

Back to Basics: Homeowner Association (HOA) Responsibilities:

The HOA's Master Insurance Policy is written to comply with the insurance requirements outlined in the HOA's Declarations (Article XII, Section 1-7), and insures the following:

- Common elements (buildings, structures, and common areas)
- Interior structure of what the Builder originally installed in the units – e.g. if you have original cabinets/carpet/appliances/windows at the time of the loss, the insurance will replace those original items.
- The HOA's deductible for most covered losses (except wind/hail) is \$10,000.

Unit Owner Responsibilities:

The unit owner is responsible for insuring the following:

- Furnishings, including personal property belonging to an Owner (versus a tenant)

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- **Betterments (upgrades) and improvements within an Owner's unit – e.g. if you have upgraded your cabinets/flooring/appliances/windows, then you are responsible for 100% of the cost of those after a loss.**
- Personal liability (if someone is injured while in your home).
- Loss assessment coverage of \$10,000 or more (to assure you have coverage if the HOA ever needs to do a Special Assessment involving a covered loss under the HOA's Master Insurance Policy.)

Why should an owner buy Homeowner's Insurance when the HOA has a policy covering my building? (Note: Renters should have their own renter's insurance!)

While the HOA is responsible for insuring common areas, such as the building exterior, it is not responsible for some of the interior of your unit. You, the unit owner, could be responsible for such items as flooring, cabinetry, windows, window coverings, lights and/or plumbing fixtures, built-in appliances – essentially anything that has been changed or upgraded from the unit's original built condition. An HO-6 policy will cover your personal property (contents) for a wide range of losses, such as: Theft, vandalism, fire, water damage from many causes (frozen pipes, roof leaks, accidental overflow from plumbing, rupture of hot water tank or broken washing machine hose), smoke damage, power surges to appliances and other damage built into the policy on a "replacement cost" basis. Replacement cost coverage pays the cost to restore or replace damaged or destroyed property without deducting depreciation due to age.

Other benefits to an HO-6 Policy:

Few people could survive a major liability claim without facing bankruptcy. An HO-6 should provide a minimum of \$300,000 liability coverage for negligent acts by you, a resident family member, or a pet which makes you liable to another for bodily injury or property damage. For example: You cause a fire that spreads to another unit, or a visitor trips over the kid's toys and sustains a back injury, or if your dog bites someone. Coverage also extends to many activities even when away from home, such as if you injure someone else in a skiing accident. And, most HO-6 policies cover living expenses if you have to move out temporarily.

For further information, please contact our Agent:

- Our agent is an American Family agent, but also represents almost 35 other companies
- Our agent specializes in HOA insurance
- Our agent also offers HO-6 policies

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