

HOA vs. UNIT OWNER COVERAGE SUMMARY FOR



EFFECTIVE DATES:

FEBRUARY 19, 2024 – FEBRUARY 19, 2025
(PACKAGE)

NOVEMBER 19, 2023 – NOVEMBER 19, 2024
(CRIME, D&O AND UMBRELLA)

PRESENTED BY:

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Important:

This summary is intended to provide a brief overview and description of common coverages required by the HOA and recommended for individual unit owners. In an attempt to provide this snapshot, each HOA and unit owner will ultimately have different needs and exposures and it is their responsibility to discuss with their respective agent to determine such risk and proper coverage.

This outline is derived from the most commonly and frequently asked questions in regards to the HOA vs. unit owner responsibilities and I urge all to use as a guide only and to personally contact our office with any question you may have pertaining to any and all coverage items pertaining to the HOA or unit owner.

THE MANOR HOUSE AT 50 BISCAYNE

TABLE OF CONTENTS

Common Insurance Maintained by HOA 3
Common Insurance Maintained by Unit Owners (HO-6) Policy 4

THE MANOR HOUSE AT 50 BISCAYNE

COMMON INSURANCE MAINTAINED BY HOA

Property Insurance

▲ The HOA shall maintain “special perils” property coverage (fire and extended coverage at a minimum) insurance for and in an amount consonant with the full replacement value of all buildings and other structures on the condominium. Such coverage shall include all of the units and the fixtures initially installed by the declarant, but shall not include any improvements or additions (including wall covering, floor covering and fixtures) made by or on behalf of any unit owner, other than those made by the declarant and shall further exclude furnishings and personal property within the unit. The association’s policy may contain a reasonable deductible and additionally obtain other insurance as available or necessary (flood, earthquake, backup of sewer or drains, ordinance and law, equipment breakdown, terrorism, etc.)

General Liability Insurance

▲ The HOA shall maintain a commercial general liability coverage to include all common areas and elements, public ways and any other areas under their responsibility (not to include the interior boundaries of any units). The policy must contain coverage for bodily injury or property damage that results from the operation, maintenance or use of these areas. The amount of coverage must be \$1,000,000 per any single occurrence. Common areas of responsibility typically include parking decks, lobbies, amenity areas, clubrooms, elevators, etc.

Fidelity Insurance

▲ The HOA shall maintain fidelity insurance coverage for officers, directors, employees, and other persons who handle or are responsible for handling association funds. In no event shall the fidelity insurance be less than (3) months assessments plus a reasonable amount to cover all or a reasonable portion of reserve funds in the custody of the association during the term of the bond. 3rd party managers shall be included additionally as a party that handles funds.

Directors’ & Officers’ Liability Insurance

▲ The HOA shall maintain directors’ and officer’s liability coverage in such amounts to be determined by the board of directors. Coverage should extend to all current officers, past officers, agents or committee members for claims arising out wrongful acts while serving in their respective capacity. Coverage should extend to 3rd party management company to be included under definition of insured. Common limits start at \$1,000,000.

Workers’ Compensation Insurance

▲ The HOA shall maintain workers’ compensation coverage to the extent required by law if direct employees are present.

Umbrella Liability Insurance

▲ The HOA may secure additional liability limits excess to the underlying limits of the general liability insurance, directors’ & officers’ insurance and workers’ compensation insurance as necessary or available.

THE MANOR HOUSE AT 50 BISCAYNE

COMMON INSURANCE MAINTAINED BY UNIT OWNERS (HO-6) POLICY

Property Insurance

- ▲ **Dwelling Coverage** would provide coverage to supplement the HOA's property deductible for special perils of \$25,000 "per occurrence", except for water damage which is \$25,000 "per unit", should the owner be assessed this amount or should your unit or the total of any damaged units not meet this deductible in sum. Additional assessment riders may be added as the owner sees fit. The owner would also include any permanent upgrades made to the unit that would fall outside or in addition to the initially installed components. These items would include, but not be limited to upgrades to flooring, wall coverings, or any other permanently installed items to the walls, ceilings or floors that are within the boundaries of the unit and not originally installed by the declarant.
- ▲ **Contents Coverage** would provide coverage for any and all furnishings or personal belongings that are not a permanent part of the unit. Examples would be appliances, electronics, art, clothes, furniture, bedding, etc.
- ▲ **Loss of Use Coverage** would provide coverage for increased or normal living expenses incurred by a unit owner for loss of use of his or her unit resulting from a loss or period of restoration including lodging, meals, moving cost, storage cost, etc. Loss of use coverage would also extend to any loss of rents incurred should the unit be occupied by a tenant of the respective owner.
- ▲ **Environmental Coverage** would provide coverage for any and all cost associated with the abatement of any pollutant or inhalant (mold, asbestos, lead paint, etc.)

General Liability Insurance

- ▲ Typically included within the HO-6 policy and in addition to the property coverage would be a liability extension to protect the unit owner for liability arising out of the ownership of their unit. Typical 3rd parties the owner would protect against would be visitors, renters or other unit owners that may sustain bodily injury or property damage as the result of negligence. Some liability policies would also provide an extension to the unit owner for further protection of any judgments or awards that exhaust the HOA's liability limits that may require additional assessments to the unit owners.

Umbrella Liability Insurance

- ▲ The unit owner may secure additional liability limits excess to the underlying limits of the general liability insurance as necessary or available.