

December 11, 2018



Unit owner of Longsview Townhomes:

The following is to assist in clarifying the coverage provided by the Longsview HOA insurance policy, which continues to be insured with Travelers Insurance. Although there has not been any significant change in coverage pertaining to the unit, there is consistently the need to help clarify the extent of the association coverage and what insurance the residential unit owners should purchase personally.

The current policy is written in a format known as “current construction” or “inclusive” coverage, or sometimes “studs in” coverage – opposed to “bare walls” coverage.

To unofficially clarify this coverage format, it can be said that “if you shook the residential unit or turn it over, property within the unit that does not move is Building Property and is within the scope of the association policy.” This would include interior walls, doors, finished floors coverings, cabinets, fixtures and built-in appliances including unit-owner upgrades to residential unit*.

Although this coverage format is among the best in the industry, it does not encompass everything or all of your insurable interest within your unit.

For example, the current association building deductible is \$5,000 and 5% of the building coverage for Wind/Hail. It is entirely possible for there to be a claim within your unit in which you would be called upon to make up the \$5,000 or higher gap in building coverage. Additionally, there are other necessary coverage not available on the association policy which you should insure.

As a residential unit owner, you are strongly advised to make up what is not covered in the unit by purchasing your own Condominium Unit Owner Policy (HO-6 Policy). Please note that these policies are appropriate for townhomes as well. Many unit owners have this coverage at adequate limits already. If you do not already have a Condominium Unit Owners insurance policy, it is strongly suggested that you purchase one. To insure the gap in building coverage, you will need to insure Building Property or Building and Alterations coverage within the perimeter walls of your unit at replacement value of not less than \$50,000 (\$120,000 limit is inexpensive and suggested).

In addition to Building and Alterations, most unit owner’s policies will include coverage for your Personal Property within the unit; the Loss of Use or Loss of Rental Income as applicable; **Loss Assessment**; and Personal Liability. A sample of coverage that should be on your policy follows:

Building Property	\$120,000(suggested)
Personal Property	Replacement Cost Limits
Loss of Use	(Loss of Rent) as needed

Loss Assessment

Personal Liability

\$10,000 or higher

\$300,000 or more

Under certain conditions and/or subject to non-discriminatory standards described within Colorado Statutes, It is entirely possible for a unit owner to be assessed the condominium deductible. Unlike

Travelers, not all insurance companies will respond to such claim. It is highly advised that you consult with your agent or examine your unit owner's policy to confirm the coverage for the assessment of an association deductible.

If you own a rental unit, it is advised to verify that the peril of theft is covered under your current policy.

It is not uncommon for insurance companies to exclude the theft of personal property within your rented unit. Again, consult with your agent or policy regarding this potential gap in coverage.

The board of your association is **not** directing you to purchase your policy from any particular insurance company or agency. In fact, these types of policies are common in the industry and typically inexpensive to purchase – generally less than \$1,000.00 per year and often far less. If you now have a policy, call your current agency and have them modify your coverage to limits not less than those shown above. If you do not have a policy it is advised for all unit owners to purchase one.

This notice is not meant to preclude the professional responsibility of your current insurance agent to design and suggest coverage which fulfills your specific needs. Depending on the underwriting requirements of your insurance company, there could be reasons for more or different coverage than those shown above.

Failure to heed this warning could be expensive. Please contact your agent immediately.

Colorado Insurance Solutions

2308 W 29th St Suite 200

Greeley, CO 80631

970-352-7998

***Disclaimer:** This document is meant to be a general description of coverage for use as a guideline in the purchase of personal individual unit owner's policies only. All association coverage is subject to specific policy language, exclusions and limitations of policy number 680-1H011001-18-42 issued by Travelers Insurance. All claims, both future and past, will be adjusted and evaluated by uses of the specific causes of loss peculiar to the event in question with insurance proceeds subject to the specific applicable policy language in force at the time of the loss.