September 26-29, 2024 | Sheraton Boston Hotel



09/28/2024 Your Questions, Our Answers - Personal Condo Coverage 10:00 AM - 11:00 AM Irene Morrill 1 CEU

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Your questions, our answers personal condo coverage

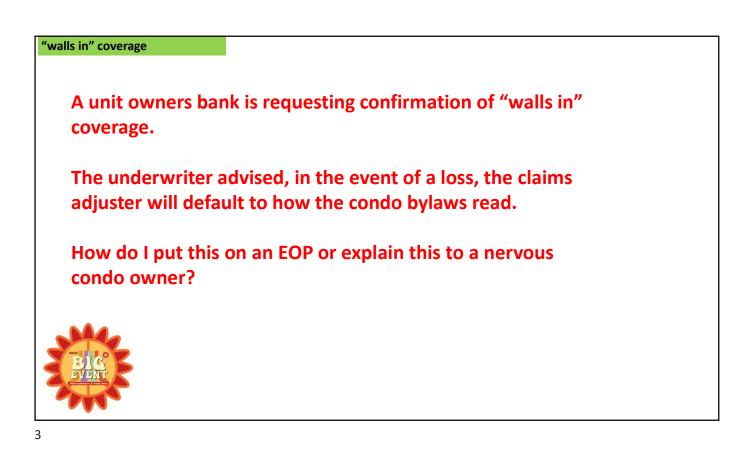


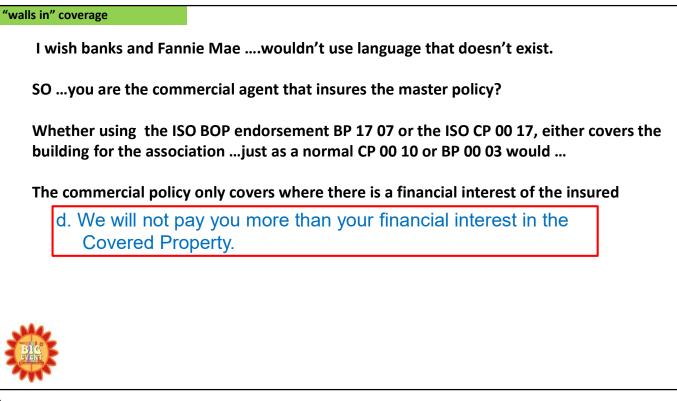
with Irene Morrill, CPCU, CIC, ARM, CRM, MLIS, CRIS, LIA, CPIW Insurance Consultant Massachusetts Association of Insurance Agents

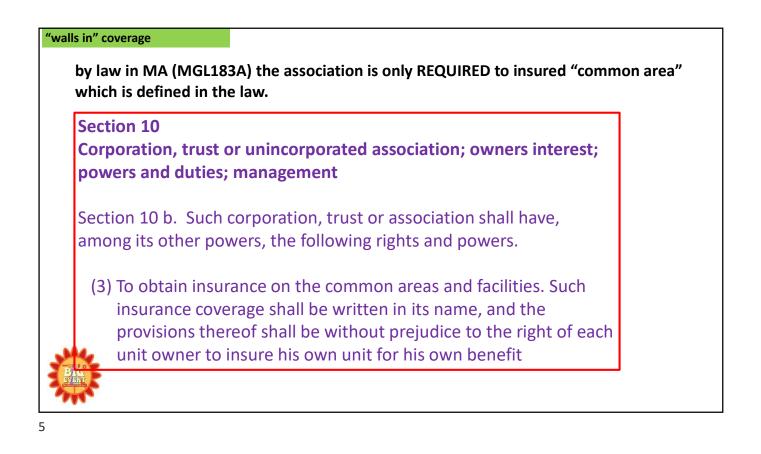
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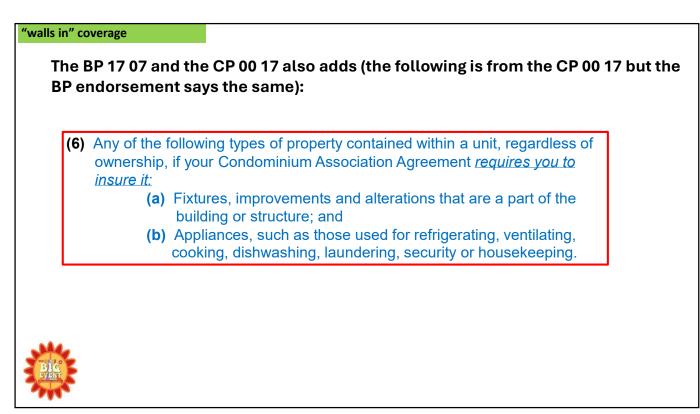


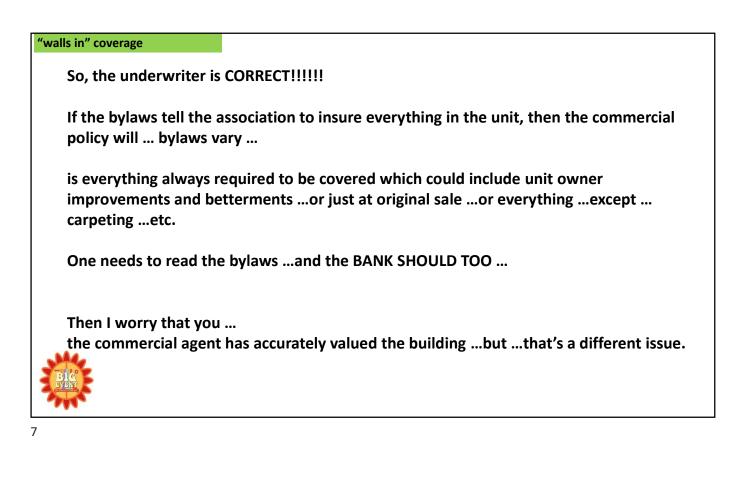
With special thanks to the Insurance Services Office, Inc. for advance information, continued support, and permission to use their forms and information.











"walls in" coverage

If I were the commercial agent I would not say "walls in" or "all in" coverage ... at least unless I read the bylaws and KNEW what they said ... since those words are NOT in the policy ...

technically they are "illegal" ... per our certificate of insurance law and the bank has no right to ask for language that is NOT in the policy.

I could certainly show the bylaw language where it tells the association what kinds of individually owned areas it needs to insure.



Multiple deductibles and Coverage A limit

Our office is a bit perplexed by a request from our insured.



He sent over the attached Master Policy coverages after they renewed recently. He's adamant that he needs to increase his COV A to get coverage for the \$165k for the 1 % wind/hail deductible.

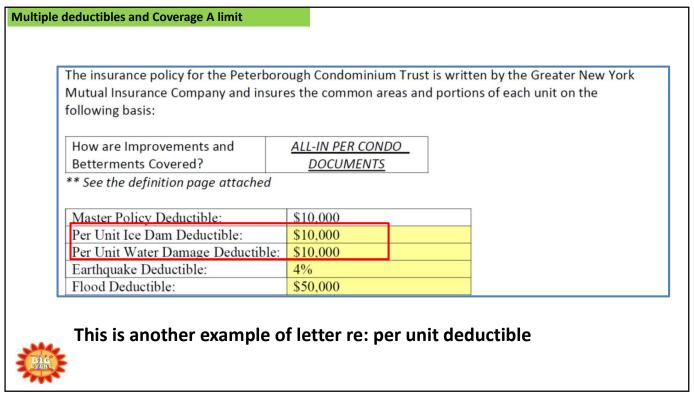
He claims that each individual unit would be responsible for that much.

We're of the mindset that the wind/hail deductible would be assessed among all the units and thus covered under Loss Assessment.

What would you do in this situation?



Multiple deductibles and Coverage A limit	Just read	ling what you sent
the master policy agent		
said the <i>policy was covering</i>	Dear Unit Owner: Outlined below is the basic guideline for p	urchasing insurance for your condominium unit.
both common areas and	PLEASE CONTACT YOUR AGENT TO UNIT	PURCHASE THE PROPER COVERAGE FOR YOUR
individually owned areas.	It is highly recommended that each unit ov	wner carries a condominium (HO-6) insurance policy.
(I prefer to read the bylaws	The Master Policy: Areas of Coverage	
and know if there is a	The Master Policy covers all common area including improvements or betterments.	as of the condominium as well as the individual units
company specific "all in"	The Master Insurance Policy Deductibles:	
endorsement)	All Other Peril Deduct	\$5,000
	Water Deductible	\$50,000
	Wind/Hail	1% or \$166,224
	Earthquake	2% or \$332,448
Why is your insured worried	Equipment Breakdown	\$25,000
about the wind deductible	Thes Individual Unit Owners Policy:	se are NOT "per unit" deductibles
and not the earthquake deductible?	personal liability and to include the covera deductibles. All unit owners should purch	ner to insure his or her personal effects (contents) and ge on the dwelling to cover any loss under the master policy ase a HO-6 Policy. With the increased Master Policy we your agent read the insurance section of the condo et coverage for your personal policy.



Multiple deductibles and Coverage A limit

I worry about the master policy deductible *if there is no other unit damaged ...*

is it possible that wind/hail could cause \$166,224 of damage to JUST your client's unit

if so

they should carry that much.

But ... is it **REALLY REALLY** possible for the windstorm to just hit YOUR unit and NOTHING else...?????????

does your unit have common area ...(roof, exterior siding) – then the deductible will be split between you and association – at the least

Just as, could \$332,448 of earthquake damage happen to JUST your client's unit.

more than one unit and any common areas inside building.

In which case, the master policy deductible would be "apportioned" between common area and

The deductible amount that is apportioned to individually owned units would need to be covered under the unitowner's Coverage A.



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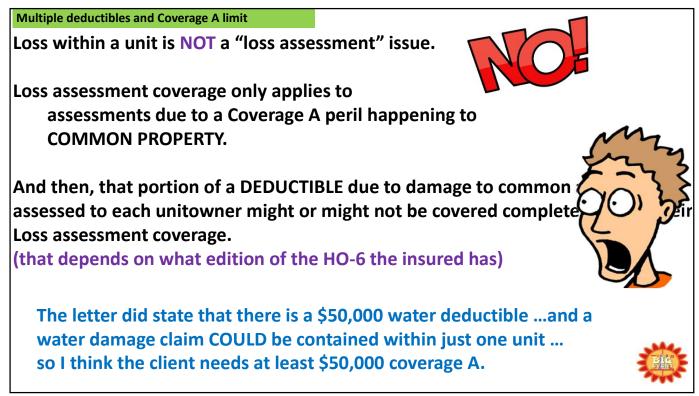
Multiple deductibles and Coverage A limit

Somehow, I don't believe either could happen.

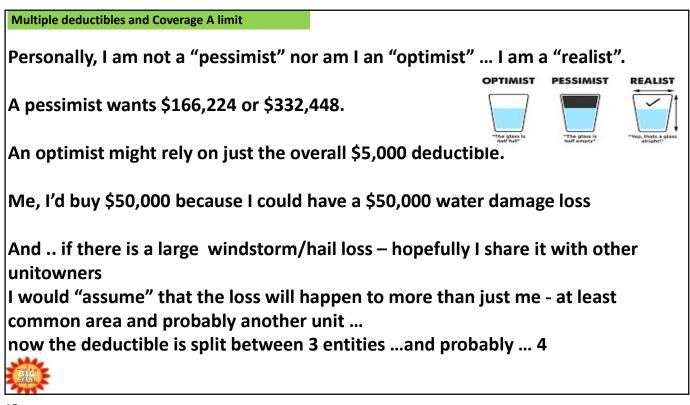
Windstorm/hail would probably happen to exterior of building (common area) ...

individually owned units being damaged.









Multiple deductibles and Coverage A limit

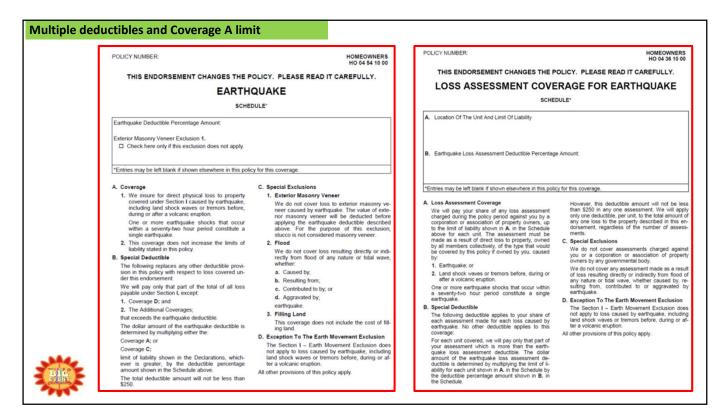
Regarding the earthquake issue ...

I'd have to add earthquake onto my HO-6 (HO 04 54) and I'd also need to add HO 04 36 Loss assessment by earthquake too ...

depending on how I view the world and my "luck".

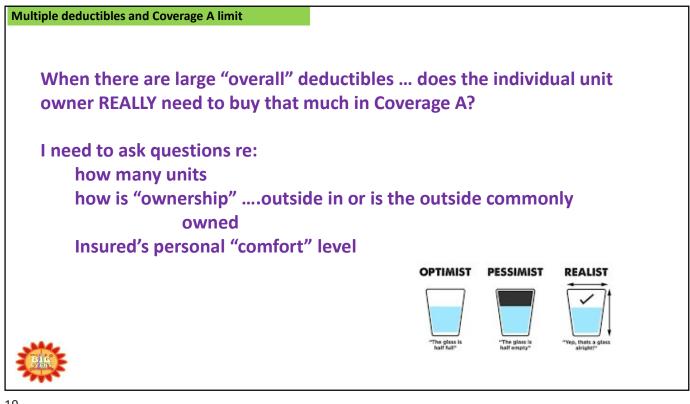






	E 505. THQUAKE COVERAGE	RULE 505.
	 Coverage Description The policy may be endorsed to provide coverage against a loss resulting from the peril of Earth-quake. This peril shall apply to all Section I Coverages for the same limits provided in the policy. Use Earthquake Endorsement HO 04 54. Deductible Deductible Deductible percentage amounts of 5%, 10%, 15%, 	EARTHQUAKE COVERAGE (Cont'd) C. Loss Assessment Coverage The policy may also be endorsed to cover loss a sessment resulting from loss by this peril. The lin of liability shall be based on the insured's propo tionate interest in the total value of all collective owned buildings and structures of the corporation
20% and this rule In the et erty, the the loss Earthqu deductit for dedu and 25%	20% and 25% of the limit of liability are included in this rule. In the event of an Earthquake loss to covered prop- erty, the dollar amount is deducted from the total of the loss for Coverages A, B, and C. Earthquake rates are displayed for the 5% and 10% deductible in the state company rates. Credit factors for deductible percentage amounts of 15%, 20% and 25% are provided in Paragraph E. Premium for Higher Deductibles of this rule.	association of property owners. Refer to compar for rates. Use Loss Assessment Coverage Fi Earthquake Endorsement HO 04 36 for all Forms.





20% of Unit replacement value for Coverage A

I hope all is going well. I'm having a frustrating exchange with a loan processor and I thought you might have a document or two handy that would help. The person I'm working with is referring to this article:

https://massrealestatelawblog.com/2010/04/06/the-condominium-ho-6-insurance-policyits-more-than-youthink/#:~:text=Under%20the%20new%20lending%20rules,the%20condominium%20unit's %20appraised%20value.&text=Another%20benefit%20of%20obtaining%20an,on%20a%20 master%20insurance%20policy.

HO-6 policy benefits include:

- · Coverage for damage to personal property such as furniture, computer equipment and clothing
- Fill in the gaps of the master insurance policy and cover losses under master policy deductibles
- Personal liability coverage
- Interior walls and floor coverings coverage
- Coverage for improvements or upgrades (most master insurance policies only cover the original condition and value of the unit).
- Usually has small deductible and fairly inexpensive



Under the new lending rules, an HO-6 insurance policy must provide coverage for no less than 20% of the condominium unit's appraised value.

20% of Unit replacement value for Coverage A

The article states that the new <u>(article written in 2010)</u> FNMA and FHA lending rules state that:

Under the new lending rules, an HO-6 insurance policy must provide coverage for no less than 20% of the condominium unit's appraised value.

I'm trying to explain that the bylaws dictate which policy pays following a covered loss.

Do you have any documentation that would help here?



I don't know why	(c) Condominiums
a bank would refer to a Fannie Mae edict written in 2010it's	The Project Documents will define the insurance requirements for the homeowners association and the individual unit owner in a Condominium Project, including a Detached Condominium Project and a 2- to 4-Unit Condominium Project. The insurance requirements will define the extent to which the homeowners association will insure the individual units and the unit owner responsibility for individual insurance.
2024 now	 There are two acceptable options for unit coverage depending on what the governing documents indicate: The condominium homeowners association must insure the building and structures in the Condominium Project as well as fixtures, machinery, equipment and supplies maintained for the service of the Condominium Project. To the extent required the homeowners association must also insure fixtures, improvements, alterations and equipment
AndFannie Mae has changed what it suggests about condo insurance a few times	within the individual Condominium Units, regardless of ownership. To the extent the condominium homeowners
Currently	Limit "sufficient to repair the condo unit to condition prior to the claim" Sounds like "insurance to value"

20% of Unit replacement value for Coverage A

Fannie Mae also states

• Specifying that policy limits for master condominium and cooperative projects must be at least equal to 100% of the replacement cost value of the project's improvements, including Common Elements and residential structures, as of the current insurance policy effective date

"at LEAST equal to 100% of replacement value

Who knows what that is



Water damage limited liability endorsement	Underwritten by S	cottsdale Insurance Company	EN	DORSEMENT
We are not getting much	ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENCORSEMENT EFFECTIVE DATE (12:21 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
feedback from the company on	CPS7914152	12/23/2023		20007
the attached form so I wanted to run it by you.		THIS ENDORSEMENT CHANGES THE	POLICY, PLEASE READ IT CAREFULL	Υ.
We are told this is a mandatory		This endorsement modifies insur-	ance provided under the following: IABILITY COVERAGE PART	
form on a G/L policy for a	A. The fol AND P	owing exclusion is added to SECTION I ROPERTY DAMAGE LIABILITY, paragraph	COVERAGES, COVERAGE A-BO	DILY INJURY
master condo.		urance does not apply to: Damage		
Can you give me your thoughts?	*Proper	ty damage" actually or allegedly arising or lamage."	It of, caused by, based on, or in any	way related to
	*Water	damage" means damage by water in any fo	rm, because of:	
		charge, leakage or overflow of water or st ming systems, or industrial or domestic app		ing or air con-
		n or snow directly entering a building thro active doors, windows, skylights, transoms		ng, or open or
		od water of any kind, including but not lin er backup or overflow of water from any dra		, groundwater,
		clusion applies regardless of whether an contributed concurrently or in any sequence		ance, good or
		have no duty to defend any "suit" against coverage is provided below.	you seeking damages on account of a	iny such injury
	B. The co Genera	verage provided is described below and is a Liability Coverage Form, unless otherwise	stated below.	e Commercial
MA		SCHE	DULE	
		COVERAGE	LIMIT OF INSURANCE	E
S MAR R		amage" Liability Each Occurrence Limit	\$ 50,000	
		amage" Liability Aggregate Limit	\$ 100,000	
M.	Total Pre	mlum	S 0	

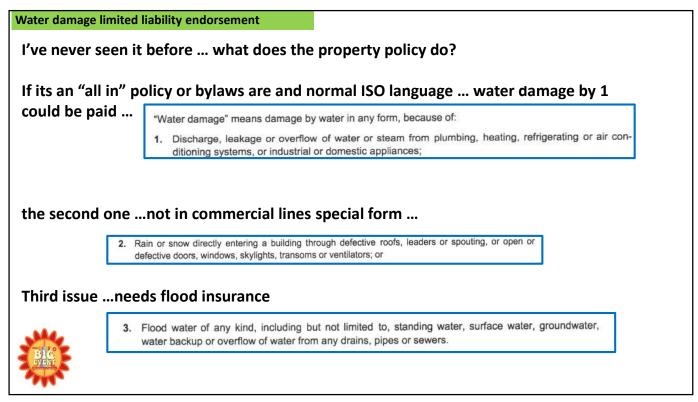
Water damage limited liability endorsement

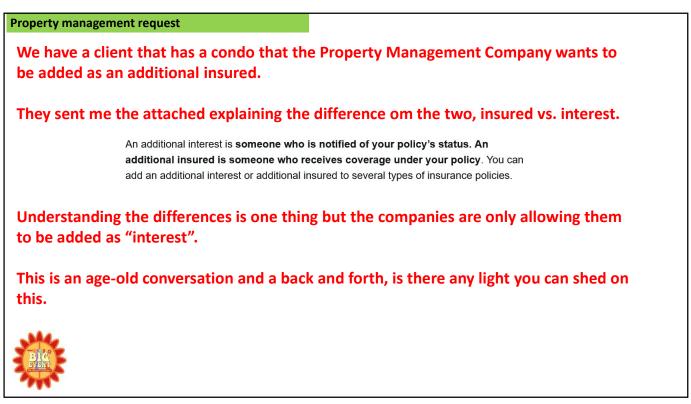
That might be a Scottsdale "mandatory endorsement" but it is not an MA mandatory endorsement – nor is it an ISO endorsement ...it is carrier specific.

Interesting so if the association is sued because of any individual unit owner water damage that unitowner thinks the association is legally responsible for ... the most it pays out is \$50,000 per occurrence with a MAX aggregate of \$100,000

I can see one and two ... plumbing and defective openings ... failure to maintain ... causing water damage ...but FLOOD? I suppose failure to keep property from being flooded







Property management request

Most companies wouldn't even add the ASSOCIATION to the unitowners policy (and rightly so) –

I totally say "go pound sand" to the Property Management Company ...

I'd say the Property Management Company should be adding the association and the unitowners to IT'S policy

I'd say the association should find a different Property Management Company

The Association COULD add the Property Management Company to its policy ...but there is no such endorsement for the HO-6 nor should there be.



Property management request			
Thank you for the quick resp	onse, always	appreciated.	
So in this case the PMI should individual HO-6.	d be added t	o the master policy, correct	? Not the
There is an AI endorsement for condo association to add property manager	ADDITIO		
BIC	Additional Premium: \$	nization(s) (Additional Insured): ete this Schedule, if not shown above, will be shown in the Declarations.	

DP or HO-6?

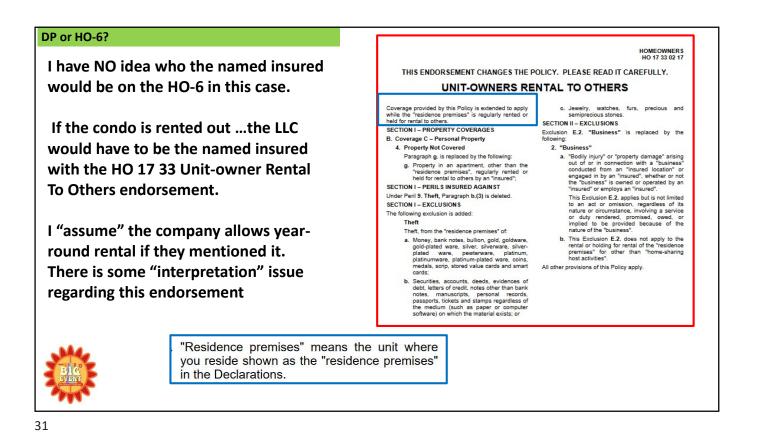
Potential client – 2 condos – each owned by different LLCs. LLC members do not reside in any unit, and some reside out of country.

One carrier allows us to write HO6 with LLC as additional insured.

I wanted to write a DP2 (what carrier allows when LLC is owner) with LLC as named insured.

Would LLC still get same coverage under either form? If LLC is additional insured on HO6, who would be named insured?



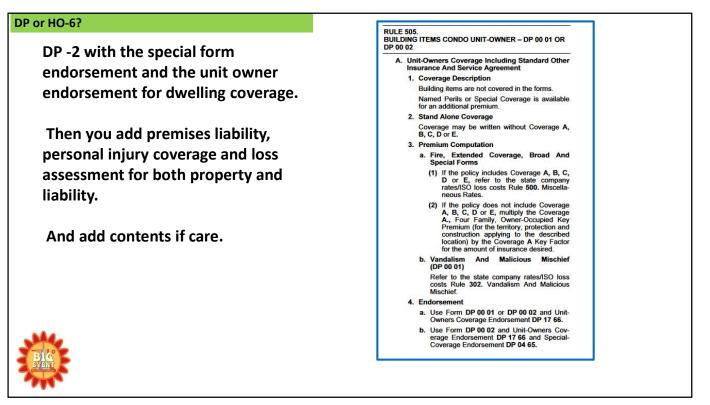


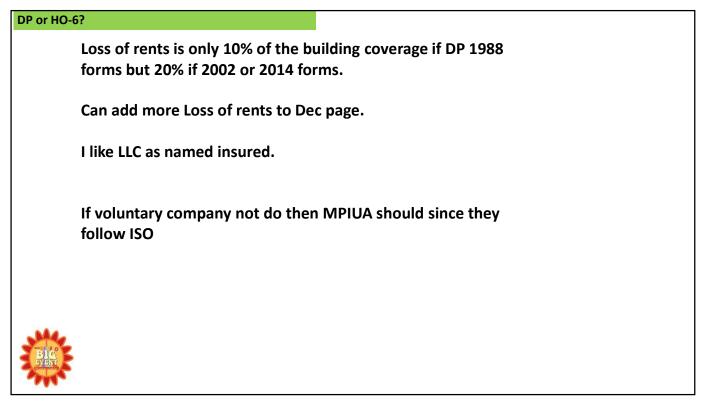
DP or HO-6?

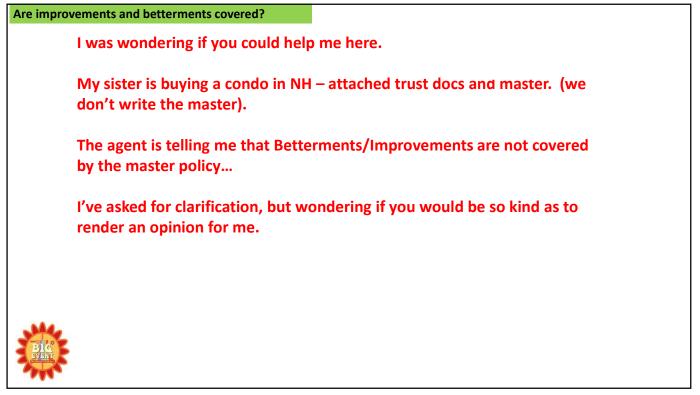
A couple weeks ago someone asked me about DP and NOT an individually owned property but owned by LLC and the ISO rules do NOT require a real person as owner I would rather a DP

Dwelling Policy may be issued to provide insurance
 Coverage A – on a dwelling building:
 Used solely for residential purposes except that certain incidental occupancies or up to 5 room- ers or boarders are permitted;
2. Containing not more than four apartments; and
3. Which may be in a townhouse or rowhouse structure; or
4. In course of construction.







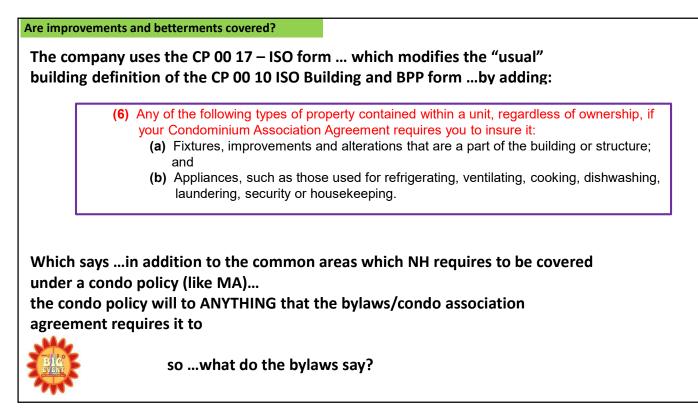


Are improvements and betterments covered?

Agent sent the Evidence of insurance issued by commercial agent – section re: what is being insured

Northway Bank is named as mortgagee for closing purposes only with respects to 34C Linderhof Golf Course Road #6 Glen NH 03838 owned The Master Policy is written to provide walls in coverage in accordance with the insurnace provision of the condominium associations by-laws. Betterments and improvements are not included. 2 buildings 12 Units





Are improvements and bette	rments covered?
Agent sent bylaws	15. Insurance.(a) Insurance policies upon the condominium property covering the
	items described in sub-paragraph (b) of this paragraph shall be purchased by the Association for the benefit of the Association and the Unit Owners and their mortgagees as their interests may appear. Provisions shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of Unit Owners. Such policies and endorsements shall be deposited with the Insurance Trustee, which shall hold them subject to the provisions of Paragraph Sixteen.
	(b) Insurance shall cover the following: (1) All buildings and improvements upon the land and all personal property included in the common elements in an amount equal to the maximum insurable replacement value ex- cluding foundation and excavation costs as determined annually by the Board of Directors of the Association. Such coverage shall afford protections against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as are customarily covered with
	respect to buildings similar to the buildings on the land such as vandalism and malicious mischief; (2) Public liability in such amounts as shall be from time to time required by the Board of Directors of the Association, covering each member of the Board of Directors and each Unit Owner and with cross liability endorsement to cover liabilities of the Unit Owners individually and
BIC	as a group to a Unit Owner; (3) Workmens' Compensation as required by law; (4) Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

Are improvements and betterments covered?

I know the evidence of insurance provided by that agent states – "walls in coverage" Northway Bank is named as mortgagee for closing purposes only with respects to 34C Linderhof Golf Course Road #6 Glen NH 03838 owned by xxxxxx.

The Master Policy is written to provide walls in coverage in accordance with the insurance provision of the condominium associations by-laws. Betterments and improvements are not included

But I don't see that in the bylaws ...and I didn't see any "company specific" endorsement stating the policy covers the interior of the unit ... to me the insurance section of the bylaws only mentions "common areas" ...



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Are improvements and betterments covered?

I know Item 8 of the declarations talks about the association "maintaining" much of the interior of the units ...but "maintaining" and "insuring" are not the same thing

8. Maintenance and alteration of units.

(a) The Association shall maintain, repair, and replace (1) all portions of the unit, except interior surfaces, contributing to the support of the unit building which portions shall include but not be limited to the outside walls of the unit building and all fixtures in the exterior thereof, boundary walls of the units, floor and ceiling slabs, and load-bearing columns, and load-bearing walls; and (2) all exterior conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services which service two or more units; and (3) all such facilities contained within a unit which services a part or parts of the condominium other than the unit within which contained.

All incidental damage caused to a unit by such work shall be promptly repaired at the expense of the Association.

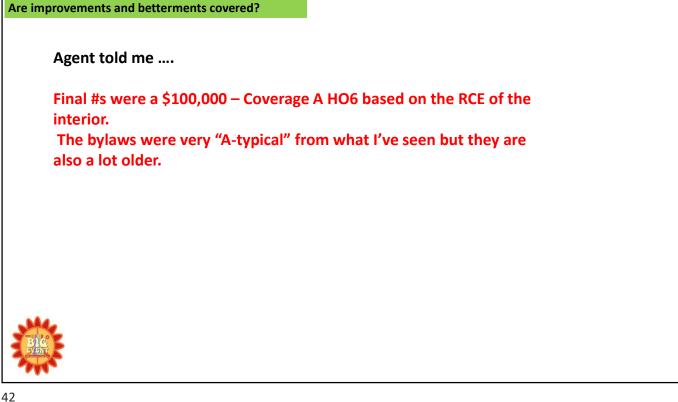


Are improvements and betterments covered?

I would ask the agent to point out in the declarations where it says under the insurance section that the association is to cover the interior of the units - or is there a company specific endorsement stating that it does this ... because ISO language does NOT provide "walls in" coverage ... it provides commercial condo coverage for what the bylaws told it to.

I'm not a lawyer ...but I don't feel that the insurance section is "working" for the unitowners.





Condo claim denied

I have a denial on a claim for interior damage due to water entering a building, presumably through cracks in the roof flashing between the EIFS wall and flat rubber roof.

The policy form is CP 00 17 10 12. The association covers unitowners on an "all in" basis. The master policy denied the claim.

The limitation applied, which is the reason for the denial, is that there is no coverage for rain entering the building unless first proceeded by a covered loss. I have found several court cases that have found in favor of the insurance companies when the denial is challenged if there is no exterior damage. I'm curious if there has ever been a case where the definition of rain is challenged.



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Condo claim denied

The limitation states no coverage for "damage caused by or resulting from rain, snow"...

Rain is defined as: moisture condensed from the atmosphere that tails visibly in separate drops."

Once the rain hits the roof and pools it ceases to be rain and is now water. Neither rain nor water are defined terms in the policy.

Are you aware of a challenge to this denial based on the argument that the water that entered is not rain?



Condo claim denied

My understanding is that the limitation was originally designed to prevent payment of a claim resulting from rain, snow, sleet, ice sand or dust entering an open window.

I understand that there is no coverage for the roof itself, but it seems that there could/should be coverage for the resulting damage.



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Condo claim denied

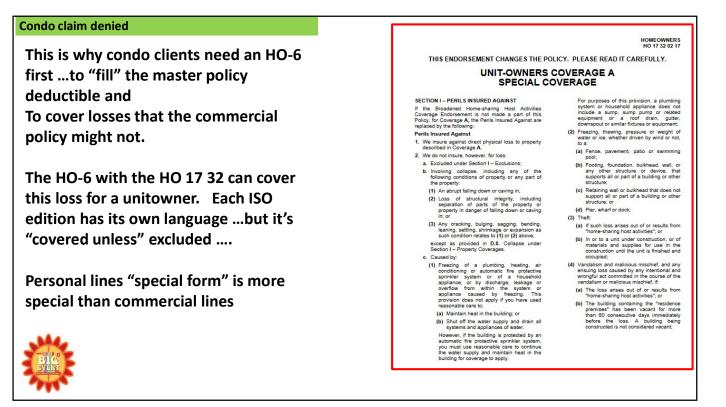
I don't know about specific court cases but ... the ISO CP 10 30 – Special Form Cause of Loss has had the following "limitation of coverage" for decades

C. Limitations

- The following limitations apply to all policy forms and endorsements, unless otherwise stated: **1.** We will not pay for loss of or damage to property, as described and limited in this section.
 - In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

...

- **c.** The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.



Condo claim denied

Even if master policy deductibles are "low" ...which is NOT happening these days, I think a condo owner should probably have \$50,000 Coverage A ...

Also....maximize the amount of loss assessment coverage sold by carrier with HO 04 35

ISO only allows a loss assessment limit of \$50,000 but some carriers allow more.



Solar panels and the condo policy

Do you have any insight into Solar panels installed on roofs of small condo trusts?

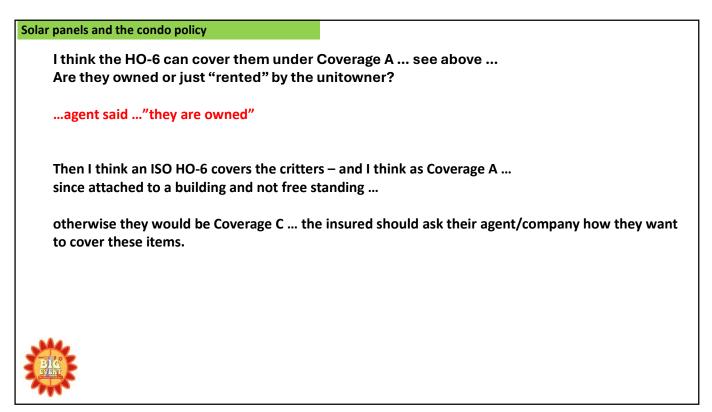
I have one where we write the master policy, and it seems they would be part of the building, but I think they are technically owned by one of the unit owners.

I don't have their HO 6 in my agency, but not sure any HO 6 carrier would cover those under dwelling coverage A.

Have you run into this at all?



-	ON I – PROPERTY COVERAGES verage A – Dwelling
	We cover:
ê	 The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
t	b. Items of real property which pertain exclusively to the "residence premises";
C	c. Property which is your insurance responsibility under a corporation or association of property owners agreement; or
C	d. Structures owned solely by you, other than the "residence premises", at the location of the "residence premises".



Garage and the condo policy I am going on vacation after today and my colleague may have to pick up where I left off. Let me/Jackie know your thoughts on my original question below.. I have a few more details here as well. Apartment building was made into two condos. My insured is the only one granted use of the garage....Could it just be considered common area? Master Policy Agent says she can add garage for \$200 fee. Assume would not have to add it "all in" and not originals specs and /or the by-laws are too vague. Still waiting to find out if "all in". Again, if it is not all ins, would she just need to increase A. Sorry – uncharted territory here.

Garage and the condo policy

In MA the condo association per MGL 183A is only required by law to insure common areas ...

getting the bylaws can be important to see what the association is covering as bylaws can be broader than MA state law ...

and the ISO BOP endorsement for condos and the CP 00 17 will automatically cover individually owned items if bylaws require



-	ECTION I – PROPERTY COVERAGES Coverage A – Dwelling
	1. We cover:
	 a. The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
	b. Items of real property which pertain exclusively to the "residence premises";
	c. Property which is your insurance responsibility under a corporation or association of property owners agreement; or
	d. Structures owned solely by you, other than the "residence premises", at the location of the "residence premises".

Garage and the condo policy

So, if the insured owns it ...Coverage A can apply.

If it is owned commonly but your client has exclusive use of it ... coverage A can apply and if the association makes it your insureds responsibility to insure it Coverage A can apply....

But ...

the ISO commercial Bop condo endorsement or CP 00 17 is <u>ALWAYS primary</u> ... so ... it is important to see what the bylaws tell the association to insure



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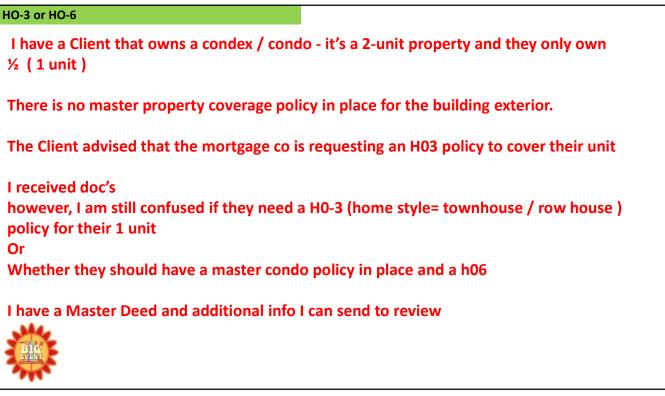
Garage and the condo policy

The HO-6 is always "excess" ...

and then there is the issue of master policy deductible ...which can be "interesting" depending on the ISO HO-6 edition date.

If the garage is "separate" then the CP 00 17 or BOP needs to list it specifically or there will be a claims problem as one agent recently found out per ISO building language and company interpretation.





HO-3 or HO-6

		().			
				~~~	
					1. Ale
	and the		-		
A.					

You need to see the deed. If this person is buying ½ the house ...exterior of the shingles down ... exterior of the siding in ... bottom of lowermost foundation up ... to a ½ point ... then if a company will issue ..an HO-3 would work If the ownership is "WE" own the exterior ... but I own in interior of my side ... an HO-3 will NOT work ... the other insurance provision will be horrific – a commercial policy would be necessary for the "commonly owned" outside and an HO-6 for the

individually owned interiors



### HO-3 or HO-6

I saw the master deed...it looks like what I said ...

The person owns from exterior of shingles down ...exterior of siding in ...etc., up to some midline between units ...

And the bylaws say the commercial policy just does liability for common land ...and common building stuff ...

So, IF A COMPANY will sell an HO-3 to a home that is attached to another ... it would work ...

You can ask your voluntary carriers ...but I have been told that MPIUA/Fairplan will do it



# Deeded timeshare We have an insured that just purchased a deeded timeshare with access 1 week per year at Harborside Inn in Edgartown. I spoke with the Company who writes the primary home, and they stated they do not have an endorsement to extend coverage and they would exclude it from the umbrella. I also reached out to surplus lines, and they had not heard of it before and thought the homeowners would automatically pick it up. I have not run into this before. Any help in guiding us where to go would be greatly appreciated.

### **Deeded timeshare**

There is no "endorsement" for liability ...

it would be adding it to the Dec page where it states "other Section II Insured locations"

Put that address in ...

ISO allows liability be extended to another residence ...they would pay a "full year" premium for One lousy week ...



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### Deeded timeshare

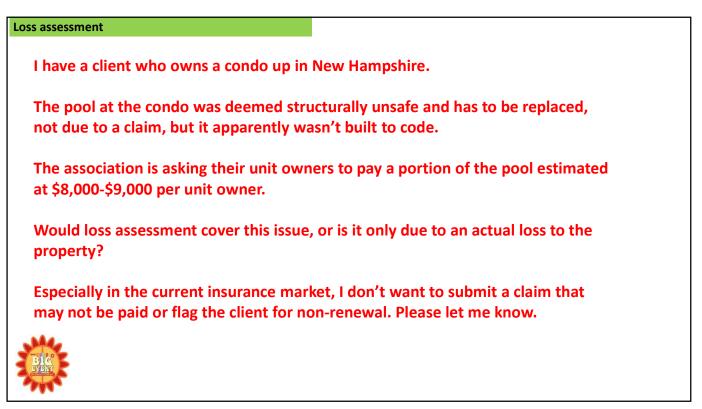
I would also add the HO 04 35 05 11 since carrier is a 2011 ISO carrier. Have that location put in for \$50,000 loss assessment ...

I own timeshare I don't need a Ho-6 ... I only want to have it be an "insured location" ... for my time there and loss assessment coverage if it is necessary

There is no other way of doing this ...and many people don't



	OLICY. PLEASE READ IT CAREFULLY.
SUPPLEMENTAL LOSS A	SSESSMENT COVERAGE
SCHE	DULE
A. "Residence Premises" – Additional Amount Of In	surance: \$
3. Additional Locations	
Location Of Unit Or Premises	Limit Of Liability
	S
nformation required to complete this Schedule, if not she	own above, will be shown in the Declarations.
Additional Insurance - Revisionce Premises We will pay, up in A the Schotal amount of one or more assessments arising out of a single loss covered under: a. Section 1 - Additional Coverage E.7. Loss Assessment (This is Additional Coverage C.7. in Form HO 00 04 and D.7. in Form HO 00 06.); S. Section II - Additional Coverage D. Loss Assessment or a. Both Section II and Section II.	a. Either Section 1 – Additional Coverage E.T. Loss Assessment or Section 11 – Additional Coverage D. Loss Assessment, or b. Both Section 1 and Section 11.     Section 11 – Exclusion Section 11 – Exclusion F.1.a. does not apply to this coverage. All other provisions of this policy apply.
Additional Locations We will pay up to the Limit Of Liability shown in B. in the Schedule, your share of covered loss assessments as described in Section I – Additional Coverage E.7. Loss Assessment and Section II – Additional Coverage D. Loss Assessment of the policy, arising out of the unit or premises listed B. In the Schedule above. This is the most we will pay for one or more sontements anison du of a single loss covered	



### Loss assessment

( ; †	<b>oss Assessment</b> <b>a.</b> We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage <b>A</b> , other
1	han: (1) Earthquake; or
i	(2) Land shock waves or tremors before, during or after a volcanic eruption. The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.
	<b>b.</b> We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
	<b>c.</b> Paragraph <b>P.</b> Policy Period under Section I – Conditions does not apply to this coverage. his coverage is additional insurance.

### Loss assessment

So ...

if commonly owned property is damaged by the unitowner HO-6 Coverage A perils ... then it is a valid loss assessment.

Just because they are "assessed" for something because they are an owner doesn't count



### Loss assessment again

Our agency insures a 14-unit Condo Association with multiple Buildings. 3 Buildings are 3-unit town houses insured at \$1m each and 5 are single family condo unit insured at \$400k each.

Lloyds TIV is \$5,000,000 with 2% or \$100,000 Wind/Hail Deductible.

Wind/Hail Deductible is not per Building but based on the TIVs.

Attached is one of the Unit Owners HO6 policies with MPI. Coverage A is at \$20,000 with HO 1732 & HO 1734.

I am recommending every unit owner increase Coverage A to \$100,000 to cover the \$100,000 Wind/Hail Deductible for worse-case scenario if only one unit is damage.

The attached HO6 does not have a separate Wind/Hail deductible so the Coverage A limit should pay the full Wind/Hail damages amount less the \$1,000 deductible.



Am I correct?

### Loss assessment again

That is what I would do ...

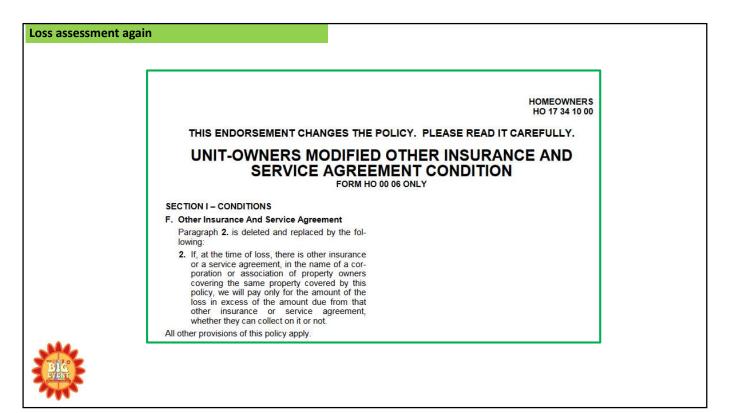
If the loss could happen just in my unit, then I would suffer the full brunt of master policy deductible and would need Coverage A to address it.

It looks like the HO-2000 filing which pretty much says you also need the HO 17 34 Unit Owners modified other insurance condition endorsement to guarantee that Coverage A will pay – according to Iso ...

since HO-6 is "excess" to the Master policy and ISO said in its filing that excess means after the master policy has paid ....

The HO 2011 ... fixes the Other insurance condition to say it is primary if loss due to master policy deductible.





### Loss assessment again

### I lost you .....

The wind blows off the roof on the 3-unit town house. \$70k to replace the roof but master policy has \$100k Wind/Hail Deductible.

It is my understanding the 14-unit owners would each be assessed \$5,000 (\$70k / 14).

Does the HO6 provide coverage under Loss Assessment or Coverage A for the \$5k assessed to each unit owner to cover the \$70k under the \$100k Deductible?



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### Loss assessment again

Loss assessment is when commonly owned property is damaged (not commonly insured)

If building with 14-unit owners... "assume" roof commonly owned ...so agree about loss assessment being apportioned by association

The question you mentioned below was if ONE unit owner (I was "assuming damage to individually owned area) was damaged.

Need Coverage A for individually owned stuff need Loss assessment for commonly owned stuff



### subrogation

If there is water damage caused by the unit above, damage into my unit (I understand my HO6 will take care of damage to my unit), but can my insurer subro against the unit above insurer.



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### subrogation

And the answer is ... maybe

Almost every set of bylaws that I have seen required the commercial and personal policies have "waiver of subrogation" clauses ...so no one can sue each other.

The ISO HO-6 (HO-2000 but all the same) provision states:

### F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C.** Damage To Property Of Others under Section II – Additional Coverages



### subrogation

The policy will "honor" a waiver of subrogation ...but that's the issue ... having the provision in the policy isn't sufficient ...

there MUST be a "waiver of subrogation" ...which based on a MA court case ... doesn't appear to be happening ...

So ... when purchasing the condo – in the paperwork was there actually a "waiver of subrogation" ...

or just the requirement to have the clause in the policy ...which is not sufficient.



Thank you for attending...

Your questions, our answers

Personal Condo



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