



Dear Sundial Townhomes HOA, Inc. Unit Owner:

CB Insurance has the privilege of providing your Association's master insurance policy. We appreciate the opportunity to serve your Association and each of you.

Enclosed is a **Unit Owner Packet** for the policy year beginning May 27, 2014 and ending May 27, 2015. It is designed to assist you in understanding the coverage provided in your Association's master insurance policy. It is important to properly coordinate your own Homeowners insurance policy with the master policy. We are available to assist you by phone if you have any questions after reading this information. We are also happy to explain the master policy to your Homeowners insurance agent if you wish for them to contact us directly.

Certificates of Insurance may be obtained online, please refer to the attached Online Certificate Instructions. If you have any questions, please contact our office at (719) 228-1070 or Toll-Free at (877) 855-8442. There is no charge for this service.

Again, thank you for this opportunity to be of service.

Best Regards,

Kelly Saunders
Commercial Lines Account Manager

Enclosure



Unit Owner Packet

Designed For:

Sundial Townhomes HOA, Inc.

May 27, 2014 To May 27, 2015

FREQUENTLY ASKED QUESTIONS

1. What part of the building does the Association cover?

Your unit is insured for full replacement value with no depreciation as long as repairs are made. This includes permanent attachments inside your unit, and extends to improvements or upgrades made by you. For example, the master policy covers paint, wallpaper, wall-to-wall carpeting, cabinetry, countertops, fireplaces, plumbing fixtures, doors, trim work, wood beams, recessed lighting, and ceiling fans. The master policy **does not cover** any of your personal property.

2. Are my appliances covered?

Appliances that service the unit, such as central air-conditioning, furnace, hot water heater, garbage disposal, dishwasher, range, refrigerator, washer and dryer are covered by the master policy. Appliances **are not** covered for theft or breakdown.

3. What kinds of losses are covered?

Your unit is covered by the Special Causes of Loss form, excluding theft of appliances. This form covers the same types of losses to your unit as the building coverage in a standard Homeowners policy. Some examples are losses caused by fire, lightning, wind or tornado, hail, water damage from sudden rupture of a pipe inside the building, and vandalism. Types of losses that are not covered include, but are not limited to, earth movement, earthquake, flood or subsurface water, mold, wear and tear, and defective construction.

4. What kind of insurance do I need to carry?

You are responsible for securing insurance for your own personal property, loss of use, loss assessment, the Association master policy deductible (as assessed) and personal liability. This is best accomplished through purchase of a Condominium or Townhome Unit Owners Homeowner's Policy; often times called a HO-6 policy.

5. How are claims handled?

Losses are settled through the Association, subject to the Association's **\$5,000** per loss deductible for losses other than wind/hail and water damage, **5%** deductible for wind/hail losses and **\$15,000** for water damage losses. Your Board of Directors, in compliance with the Association's governing documents and established policies, determines who is responsible for the deductible should a loss occur. Claims should be reported through the Association's Property Manager, or the Association's appointed contact person.

6. What is a Wind and Hail Deductible?

The 5% Wind and Hail Deductible means that all wind and hail losses will be adjusted less a deductible that equals 5% of the replacement cost of each damaged building. For example: If an Association has three Buildings damaged by hail, each with a replacement cost of \$250,000, the deductible per building will be \$12,500 (5% of \$250,000 = \$12,500). The total deductible for all buildings will be \$37,500 (3 buildings X \$12,500 = \$37,500). **Unit owners may be responsible for their portion of the 5% Wind and Hail deductible should a loss occur to their unit.**

FREQUENTLY ASKED QUESTIONS (CONT'D)

7. Why do we have a Wind and Hail Deductible?

The Wind and Hail Deductible is the result of many years of continuous adverse loss history from wind and especially hail. As a result, many of the insurance carriers who historically were willing to provide coverage to Community Associations became unwilling to continue doing so. Many insurance carriers non-renewed all existing Community Association policies and/or quit writing any new policies. The few carriers that continue to provide coverage use the percent Wind and Hail Deductible to do so at affordable premiums. The alternatives would be extremely higher cost or excluding wind and hail damage completely.

8. Can unit owners get coverage for the Association's Deductible even if it generates a Special Assessment by the Association?

Currently there is some confusion and/or disagreement in the insurance industry about if and how unit owners can cover their responsibility for an Association's deductible in their individual Homeowners policies. Customarily, each unit owner is responsible for insuring building items that are not the Association's responsibility, their personal property, their loss of use and their personal liability. This is best accomplished by purchase of a Condominium Unit Owners Homeowners policy, commonly called a HO-6 or Form 6 Homeowners policy. Most insurance carriers' HO-6 policies include two provisions that could apply to cover a unit owner's responsibility for the deductible in their Association's master policy.

The first provision is called Coverage A - Dwelling. The Dwelling provision allows unit owners to cover "items of real property (building items) that pertain exclusively to the residence premises." This is the policy provision that many insurance carriers use to allow unit owners to cover their responsibility for their Association's insurance deductible. Many HO-6 policies automatically include a small amount of Dwelling coverage for no additional charge. If necessary, the Dwelling limit can be increased for a small additional premium.

The second provision is called Loss Assessment. Like Coverage A - Dwelling, most HO-6 policies include a small amount of coverage for Loss Assessment, customarily a \$1,000 limit. Also like Coverage A - Dwelling, the Loss Assessment coverage can be increased for a small additional premium. Some HO-6 carriers limit the amount of Loss Assessment payable for reimbursement of an Association's deductible to a maximum of \$1,000. Loss Assessment coverage only responds when the loss assessment is the result of a claim that otherwise would be covered by the Association's master policy, but is not, because of inadequate limits, or possibly because of a high deductible that must be borne by all unit owners. Loss Assessment coverage does not apply to financial assessments that are not related to insurance claims.

There are many carriers who will provide adequate coverage for a unit owner's responsibility for their Association's deductible. It is strongly recommended that each unit owner contact his/her Homeowners insurance carrier to determine what Dwelling and Loss Assessment coverage is included in their HO-6 policy and how their carrier recommends providing coverage for the deductible.

FREQUENTLY ASKED QUESTIONS (CONT'D)

9. Who pays the insurance premium?

Like other common expenses, the Association budgets for, and pays the premium from the dues paid to the Association by unit owners.

10. What is a certificate of insurance?

A certificate of insurance is a document that identifies those insurance coverages and limits that have been purchased by the Association. The information provided includes, but is not limited to, policy effective dates, policy numbers, insurance carriers, limits of insurance and deductibles. A certificate of insurance is routinely required when a loan exists on your property. Your mortgage holder may ask that you contact us, or they may contact us directly, to request this information. (Please see attached Online Certificate Instructions.)



Your CB Insurance Service Team

When you have changes in insurance, require claim service, and/or have questions, our team of professionals are qualified and prepared to assist you.

Producer	Board Meetings, Annual meetings, Coverage Questions
Andrew W. Cobb, CIC	719.477.4277, or andrew.cobb@centralbancorp.com
Karla Greeley	719.477.4267, or karla.greeley@centralbancorp.com

Account Executive	New business Quotes, Coverage Questions
Mary Russo, CISR, CIC	719.477.4243, or mary.russo@centralbancorp.com

Account Manager	Renewal Questions, Policy Changes, Accounting
Kelly Saunders	719.477-4266, or kelly.saunders@centralbancorp.com

Certificate of Insurance	
Certificate Request Line	719.477.4282, or visit our website at www.centralbancorp.com

Claims	Reporting of Claims
Kris Marshek	719.477.4257, or kris.marshek@centralbancorp.com

Toll-Free Service Number 1.877.855.8442	
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NOTE It is CB Insurance's policy not to follow up on premium/payments due, late notice or non-payment cancellation notices.