

VISTAS AT NOR'WOOD

TOWNHOME ASSOCIATION

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2022 Insurance Newsletter

!!!Important Insurance Information - Please Read!!!

If you think you may have an insured loss relating to your home, please contact Z&R Property Management: Darren@zandrmgmt.com.

All Owners are responsible for securing insurance for personal property and liability (see article VI, para 7 of the [Covenants](#)) Also, owners are encouraged to secure insurance to cover loss-of-use and loss assessments (to pay the Association's deductible). Loss assessments can be levied upon Owners regardless of whether they have enough loss assessment coverage (Covenants IV.5, et al). Except for Wind and Hail losses, there is a **\$10,000** deductible per claim which may be assessed to the Unit owner in certain cases. You should have coverage in the event the Association assesses you the **\$10,000** deductible due to negligence. But the Association may assess the deductible to owners even without evidence of negligence, based on maintenance responsibilities. See section 3 of the ["2019 July Insurance Claim Submittal Resolution."](#) To understand the Owner's maintenance responsibilities, please see the Association's ["2018 M&I Resolution."](#) Both documents can be found on the HOA's website (vistasatnwt.com) under "Our Association" → "Doc, Forms & Info" → "CC&R's & Rules".

The Association's insurance has a large deductible (5%) for Wind and Hail losses. This means owners need to ensure they are prepared for a Loss Assessment in the event of a wind or hailstorm. For example, in the event of a total roof loss on all 14 buildings, the wind and hail deductible could be approx. *\$1.1M* (5% of approx. *\$22.2* million) or *\$13,875* per home in the form of a loss assessment. You may be able to obtain loss assessment coverage or increase your existing coverage for very little money. **If for some reason you do not already have individual coverage, you are taking a significant risk and should obtain a policy immediately.**

FREQUENTLY ASKED QUESTIONS

1. What part of the building does the Association Cover? - Your unit is insured through the Association for full replacement. This includes permanent attachments inside your unit, and extends to improvements or upgrades existing prior to loss. For example, the master policy covers building glass, 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 or your tenants' property. For more information, please see the Association's ["2017 Insurance Coverage Resolution."](#) and the ["2018 M&I Resolution."](#) These can be found on the HOA's website (vistasatnwt.com) under "Our Association" → "Doc, Forms & Info" → "CC&R's & Rules".

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. "Central air-conditioning" includes equipment attached to and servicing a Unit like the condenser, even if outside the Lot lines. However, the Association's insurance does not cover property damage to satellite dishes.

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. The Association also provides a limited amount of coverage for Sewer or Drain Back-up. Types of losses that are not covered include, but are not limited to, earth movement, earthquake, flood or subsurface water, wear and tear, and defective construction. Please note that replacement of property due to normal wear and tear is also not covered under the insurance.

4. What kind of insurance do I need to carry? - All Owners are responsible for securing insurance for personal property and liability. Owners are encouraged to consider insurance to cover loss of use and loss assessments (to pay the Association's deductible). These obligations are best accomplished through purchase of a Condominium Owners Homeowner's Policy; often times called an HO-6 policy. Please read on further for details on Loss Assessment coverage. If you rent your unit, you should examine the same coverages on your rental dwelling policy.

Building Coverage: Discuss with your agent, and review the Association's coverage obligations in the **"2017 Insurance Coverage Resolution."** on the Association's website.

Personal Property Coverage: Discuss with your agent. * Certain personal property classes may require specialty coverage to meet your personal needs.

Loss of Use Coverage: Discuss the best coverage and limits for you with your agent.

Personal Liability Coverage including medical payments: Discuss with your agent.

Loss Assessment Coverage: See #6 below.

5. How are claims handled? - Losses are settled through the Association, subject to the Association's **\$10,000** per loss deductible. This deductible is for all claims except wind and hail claims. Claims should be reported through the Association's Property Manager: Darren Burns (Darren@zandrmgmt.com). For more information, see the Association's **"2019 July Insurance Claim Submittal Resolution."** This can be found on the HOA's website (vistasatnwa.com) under "Our Association" → "Doc, Forms & Info" → "CC&R's & Rules".

6. Can unit owners get coverage for the Association's Deductible even if it generates a Special Assessment (Loss Assessment) by the Association? - There is some 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. 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 1st 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." Many insurance carriers use this to allow unit owners to cover their responsibility for their Association's insurance deductible. You should have your agent talk to the Association's agent to make sure your coverage is adequate. The Association's agent is listed at the bottom of this page.

The 2nd provision is called **Loss Assessment Coverage**. Most HO-6 policies include \$1,000 of coverage for Loss Assessments. Each owner should have at least \$14,000 of Loss Assessment Coverage. This should help you with the burden should a Loss Assessment arise, but it may not cover everything. Each carrier is different. It is critical you have your own insurance. If your carrier will not offer \$14,000 of Loss Assessment coverage, ensure you have personal savings to make up the difference.

Loss Assessment coverage does not apply to financial assessments that are not related to insurance claims.

It is strongly recommended that each unit owner contact his/her insurance carrier to determine what Dwelling and Loss Assessment coverage is included in their HO-6 policy and that their coverage is adequate. This can be a very confusing subject, so if you have questions, please contact Customer First Insurance, Mark O'Donnell, at (719) 227-7100 or Mark@thecustomerfirst.biz for more information. *If you put your individual agent in touch with Mark, you should be in very good shape for your insurance coverage.*

Thank you,

Your Board of Directors
Vistas at Nor' Wood TA

Professionally Managed by:



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