



# HOA and Condo Association: A Basic Checklist

Millions of homeowners live in HOA communities unaware they are placing their assets at risk. Before purchasing a home in an HOA or Condo Association community, please review the following checklist comprised by USI's Personal Risk Specialists.

## The Master Policy

### The Master Policy is the HOA or Condo Association's insurance coverage:

- Understand what is covered under the Master Policy.
- Have a discussion with the association representative to determine what is required by each homeowner.

## Bylaws

### Review bylaws to understand what you are required to insure:

- Coverage for Exterior and Interior – Associations may require homeowners obtain insurance to rebuild the entire structure of the home/condo.
- Condo associations may insure the exterior structure and framing under the Master Policy. Unit owners are responsible to insure the interior portion of the unit. Insurance should include: labor, materials, dry wall, paint, flooring, cabinets, kitchen/bathroom fixtures, lighting, doors and any other interior features to make the unit whole.
- Coverage for Additions and Alterations – Condo associations may require unit owners to insure upgrades or alterations. If the unit owner has made upgrades to the unit they should notify their insurance professional. The Master Policy may only rebuild with builder grade materials.

## After Purchasing a Home

### After purchasing a home in an HOA or Condo Association community, review your homeowners or condo policy for the following:

#### Personal Property Coverage

- Applies to contents inside your home such as clothes, furniture and other household items.

- Replacement Cost versus Actual Cash Value – Replacement Cost allows you to replace damaged items at current retail value. Actual Cash Value depreciates the value of your personal property.
- The Special Limits section of your homeowners/condo policy places restrictions on collectibles such as jewelry, guns, coins, stamps, etc. Review the limitations of your policy and speak to a Personal Risk Specialist on the best way to protect higher valued items.

#### Loss Assessment

- Homeowners living in an HOA or condo association community are subject to assessments. Assessment usually apply to commonly used areas in the community however, there may be incidents where the Master Policy is not sufficient or subject to a deductible. Assessments are then passed onto home/condo owners.

#### Medical Payments

- If an individual is injured on your property, the medical payments portion of your policy may pay for the medical bills.

#### Liability and Excess Liability Protection

- Liability protection affords a layer of asset protection in the event that there is a covered loss for which the home/condo owner is found liable.
- Excess Liability coverage is a second layer of asset protection and applies if a covered event exceeds underlying policy limits.
- USI recommends having a discussion with a Personal Risk Specialist regarding current exposures and proper liability limits to protect existing and future assets.
- If you decide to sit on a non-profit board, your board activity may be endorsed onto an Excess Liability policy which affords an added layer of asset protection.

#### Natural Disaster Coverage

- Homeowners and condo policies may not provide protection against natural disasters like flood, earthquakes, landslides, etc.