



Unit Owner Packet

for

Policy Term

May 1, 2021 to May 1, 2022

Dear Sand Creek Villas Unit Owner:

USI Insurance Services has the privilege of providing your Association's master insurance policy. Part of the service we provide is sharing the master policy information with owners so you may coordinate your own personal insurance with the Association's coverage. This Unit Owner Packet is designed to assist you and your insurance agent to accomplish this, as well as provide instruction on how to order a Mortgagee Certificate of Insurance. **It is very important for you to properly coordinate your own Homeowners insurance policy with the Association's master policy to avoid gaps in coverage.**

Your Association's master policy is effective 5/1/2021 through 5/1/2022 and includes the following deductibles:

- **\$10,000** per occurrence deductible for losses other than wind and hail
- **5%** of the replacement cost of each damaged building/outdoor property item for losses due to wind or hail (Estimated deductible if all buildings/outdoor property items are damaged in one wind or hail occurrence: \$11,320 per unit – Note: This amount may vary if the Association's assessments are paid by square footage of each unit and not divided evenly by total number of units)
- **\$1,000** per unit deductible for losses due to ice damming (damaged units only)

As a unit owner, you may be responsible for the deductible when a loss occurs. Please be sure to share this Unit Owner Packet with your insurance agent who handles your Homeowner's policy. This will ensure that your agent understands the Association's master policy when determining building and loss assessment coverage for your individual policy. If your insurance agent has any questions, they are welcome to contact one of our HOA team members.

We very much appreciate the opportunity to serve you and your Association.

FREQUENTLY ASKED QUESTIONS

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

The Association's master policy insures the buildings for full replacement cost. This includes permanent attachments inside your unit and extends to improvements or upgrades made by you. For example, the master policy covers paint, wallpaper, cabinetry, countertops, flooring, fireplaces, plumbing fixtures, doors, trim work, wood beams, recessed lighting, and ceiling fans. You should consult with your personal insurance agent to ensure adequate dwelling coverage in case of a large or total loss in the community, as your HO-6 policy may need to supplement the Association's policy. The master policy **does not** cover any of your personal property, loss of use, or personal liability.

2. What kinds of losses are covered?

Your unit is covered by the Special Causes of Loss form. This form covers the same types of losses to your unit as 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.

3. 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), personal liability, and any building/dwelling coverage required by your Association's governing documents. This is best accomplished through purchase of a Condominium or Townhome Unit Owners Homeowner's Policy, often times called an HO-6 policy.

4. How are claims handled?

Losses are settled through the Association subject to the Association's **\$10,000** per occurrence deductible for losses other than wind or hail, **5%** deductible for wind or hail losses, and **\$1,000** per unit for losses due to ice damming (damaged units only). 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.**

5. What is a Wind or Hail Deductible?

The 5% Wind or 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 a portion of the 5% Wind or Hail deductible should a loss occur.**

FREQUENTLY ASKED QUESTIONS (CONT'D)

6. Why do we have a Wind or Hail Deductible?

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

7. How can a unit owner obtain coverage for the Association's deductible on their own insurance policy?

Customarily, each unit owner is responsible for insuring building items that are not the Association's responsibility, personal property, loss of use, and personal liability. This is best accomplished by purchasing a Condominium Unit Owners Homeowners policy, commonly called an 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 nominal 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, which can also be increased for a nominal 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 insufficient limits, or possibly because of a high deductible that must be paid by all unit owners. Loss Assessment coverage does not apply to financial or maintenance assessments that are not related to insurance claims. **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 their portion of the deductible following a loss.**

FREQUENTLY ASKED QUESTIONS (CONT'D)

8. What if my unit is a leased rental unit?

Owners who are renting their unit to a tenant need a Rental Dwelling policy or a Business Owners Policy instead of a Unit Owners Homeowners policy. This policy can cover dwelling items not covered by the Association's master policy, your responsibility for the Association's deductible, personal property that you own, loss of rental income, loss assessment, and personal liability as a landlord. **If you are renting your unit to a tenant, it is strongly recommended that you require your tenant to carry a Renters Insurance policy, often called an HO-4 policy. It covers their personal property, loss of use, and personal liability.**

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 outlines 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 by a mortgage lender 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 for an on-demand certificate, or email requests to CO2.certificates@usi.com.

Online Certificate Request Instructions (Complimentary service)

Online Certificate Request Instructions (Complimentary service)

Please follow the instructions below. If you have questions, please do not hesitate to contact our office at CO2.Certificates@usi.com or 719-228-1070.

1. Gather the name and complete mailing address of your mortgage company, your loan or account number, email address and/or fax number of the recipient.
2. Go to www.CBInsuranceColorado.com.
3. Click on the **Community Associations** tab located at the top of the page.
4. Click on **Get Started** on the right side of the page.
5. Click on **LOGIN** and then **CONTINUE**.
6. In top User ID box, enter: **CBI**
In Password box, enter: **cert**
7. Click on **Login**
8. Click on **Insurance Certificates** on the left side, then **Community Association**.
9. Type in all or part of the Association Name in the Association Name search box.
10. Click on **Find**.
11. Click on the correct Association Name.
12. Click on **2021-2022 Certificate** (if Association policy has renewed)
13. In the **Holder Information** section, type in the Full Name, Address, City, State, and Zip Code of the Mortgage Company/Lender, often called a Mortgagee Clause.
14. Please disregard the **Endorsements** and **Certificate Portion** sections.
15. In the **Holder Specific Portion** section below the **Certificate Portion** section, type in the Property Owner Name(s), Property Address, and Loan Number or Account Number.

▼ Description of Operations

Certificate Portion	Fidelity Policy Named Insured Includes Property Management Company: Hammersmith Management 23 Inverness Way East, Suite 200 Greenwood Village, CO 80112 COVERAGE: Crime/Fidelity/Employee Dishonesty INSURER: Continental Casualty Company POLICY NUMBER: 618877320 LIMIT: \$500,000 DED: \$1,000 POLICY DATES: 10/19/2019 To 10/19/2020 COVERAGE: Directors & Officers Liability INSURER: Continental Casualty Company POLICY NUMBER: 618877320 LIMIT: \$1,000,000 DED: \$10,000 AGGREGATE: \$1,000,000 POLICY DATES: 10/19/2019 To 10/19/2020
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Holder Specific Portion

Borrower: John Doe Property Address: 123 Main Street, <u>Anytown</u> , CO 80123 Loan Number: 123456789
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Lookup Spell Check

16. In the **Recipient #1** section, type your Message (if any), check Email Current Cert box, and enter the Email Address you wish to have the certificate delivered to.
17. In the **Send a One Time Confirmation Copy** section, type in your email address to receive a copy of the certificate (remove the default email address which may appear in that section), check the Send Me Confirmation box.
18. Click on **Submit**.
19. You will be automatically directed to a page beginning with, "Thank You [Community Association]! The form has been delivered to the following recipients."
20. You may select **Open Certificate** to view the Certificate immediately. Click on Open if a dialog box appears at the bottom of the screen.
21. Click on **Logoff** in the top right corner of the page.

You will receive an automated email with the information entered online. If you do not receive an email, check your Spam/Junk Mail folder



YOUR USI INSURANCE SERVICE TEAM. WE ARE HERE TO SERVE YOU.

For all Certificate of Insurance requests:	Visit our website: CBInsuranceColorado.com
Report claims to:	The Community Association Manager or the Association's appointed contact person.
<ul style="list-style-type: none">• Policy changes• Accounting and invoicing questions	Kelly Saunders Senior Account Manager 719-895-6711 kelly.saunders@usi.com
<ul style="list-style-type: none">• Coverage questions• Policy changes	Cynthia Jackson Account Executive 719-895-6693 cynthia.jackson@usi.com
<ul style="list-style-type: none">• Board meetings• Annual meetings• HO-6 insurance coverage education• Coverage questions	Ronda Ashley, CPCU, CIRMS Vice President 719-895-6676 ronda.ashley@usi.com
<ul style="list-style-type: none">• Questions on claims or incidents that could give rise to a claim	Kris Marshek, CISR, AIC, CCP, ARM, AIM Assistant Vice President 719-895-6696 kris.marshek@usi.com Michaela Morgan Claims Assistant 719-895-6701 michaela.morgan@usi.com