



Kinser Insurance Agency

Serving Mountain & Resort Towns

1495 Pine Grove Rd, Ste 201A

Steamboat Springs, CO 80487

970-879-1330 (Office)

jkinser@farmersagent.com

www.farmersagent.com/jkinser

www.KinserInsurance.com

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Unit Owners of Lake Forest Condo Association:

Effective 3/17/2023, the insurance coverage for **Lake Forest Condo Association** was placed through Farmers Insurance. Effective this date, the association policy will insure the common elements of the association and the permanently fixed, real property assets on the interior of a residential (condo / townhome / duplex) unit with a \$10,000 building deductible, as required by the governing documents of the association. Coverage has been written to comply with the insurance requirements outlined in the association governing documents, including resolutions.

This correspondence is to assist in clarifying the coverages provided by the **Lake Forest Condo Association** insurance policy. *

The **Lake Forest Condo Association** policy is written in a format known as “**Per the CC&Rs**” coverage, or sometimes “Per the Decs”, which requires coverage align with that required by the governing documents of the association. Per the declaration, the association is required to insure the following:

- **Full Insurable Value of All Improvements**

- Common Elements (buildings, structures and common areas)
- Limited Common Elements (garages, outdoor decks, balconies, patios, etc.)
- Residential Units (NOT including owner upgrades)
 - *“Association policy shall cover the replacement costs of Units and garages in accordance with the plans and specifications of the Property as originally built [].”*
 - *“Owners are responsible for repair of any upgrades and improvements to a Unit and LCE garages. Each Owner should obtain a homeowner's policy (HO-6) for a Unit to cover personal liability, Owner Improvements and upgrades, personal property, loss assessments, loss of use and loss of income for rental units, unless the Owner desires to self-insure such risks. Every Unit Owner shall upon request submit to the Association proof of homeowner's insurance or shall submit to the Association a written statement that the Owner accepts the risk of being self-Insured.”*

Although the association coverage extends to the units on a limited basis, it does not cover everything in your unit.

The governing documents and deductibles in place on the association policy effectively classify coverage as “**As Conveyed**”, meaning each unit owner needs to insure improvements / upgrades installed by the current, or any previous owner, on a personal insurance policy (“HO6). This includes any improvements or upgrades to the interior finish of the unit, including wall coverings, floor coverage, cabinetry, trim, fixtures, etc.

As a residential unit owner, you are strongly advised to make up what is not covered in the unit by purchasing your own Condominium Unit Owners Policy (aka HO6 policy). Many unit owners will have this coverage at adequate limits already. If you do not already have a Condominium Unit Owners insurance policy, it is strongly suggested that you purchase one. To insure the gap in building coverage, you will need to insure Building Property or Building and Alterations coverage within the perimeter walls of your unit at replacement value equal to the value of improvement / upgrades in the unit installed by the current or any previous owner, but not less than \$10,000 (\$15,000 or higher limits are inexpensive and suggested).

In addition to Building and Alterations, most unit owner’s policies will include coverage for your Personal Property within the unit; the Loss of Use or Loss of Rental Income as applicable; Loss Assessment; and Personal Liability. A sample of coverages that should be on your policy follows:

Building property	Full Replacement Cost of Improvement / Upgrades beyond original finish, but not less than \$10,000 (\$15k recommend)
Personal property	Replacement Cost limits – min. \$20k
Loss of Use (Loss of Rents)	Annual Rental Income
Loss Assessment	\$10,000 (not less than)
Personal Liability	\$1,000,000 (not less than)
Backup Sewer & Drain	\$10,000 (not less than)

Under certain conditions and subject to non-discriminatory standards described within Colorado Statutes, it is entirely possible for a unit owner to be assessed the condominium deductible. However, not all insurance companies will respond to such a claim. It is highly advised that you consult with your agent or examine your unit owner’s policy to confirm the coverage for the assessment of an association deductible.

If you own a rental unit, it is also advised to verify that the peril of theft is covered under your current policy. It is not uncommon for insurance companies to exclude the theft of personal property within your rented unit. Again, consult your agent or policy regarding this potential gap in coverage.

The board of your association is **not** directing you to purchase your policy from any particular insurance company or agency. In fact, these types of policies are common in the industry and typically inexpensive to purchase. If you now have a policy, call your current agent and have him modify your coverage to limits not less than those shown above.

This letter is not meant to preclude the professional responsibility of your current insurance agent to design and suggest coverages which fulfill your specific needs. Depending on the underwriting requirements of your insurance company, there could be reasons for more or different coverages than those shown above.

Failure to heed this warning could be expensive. Please contact your agent immediately.

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***Disclaimer:** This document is meant to be a general description of coverages for use as a guideline in the purchase of personal individual unit owner’s policies only. All association coverages are subject to specific policy language, exclusions and limitations of policy number 607029855 issued by Truck Insurance Exch. All claims, both future and past, will be adjusted and evaluated by use of the specific causes of loss peculiar to the event in question, with insurance proceeds subject to the specific applicable policy language in force at the time of the loss.