



Kinser Insurance Agency

Serving Mountain & Resort Towns

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Unit owners of Yacht Club Condominium HOA (PH 1-3):

This letter is being sent to unit owners to assist in clarifying the coverages provided by the Yacht Club Condominium HOA (PH 1-3) insurance policy (*see disclaimer). Although there has been no change in coverage pertaining to the units, there is consistently the need to help clarify the extent of the association coverage and what insurance the unit owners are to purchase personally.

In the current policy period, Yacht Club Condominium HOA (PH 1-3) policy is written in a format known as “**bare walls**” coverage. **The permanently installed building elements and improvements you have made to your unit are NOT insured by the association policy.**

To unofficially clarify the “**bare walls**” coverage format in layman’s terms, it can be said that the unit owner needs to insure the permanently attached building assets and improvements from the unfinished surface of the exterior drywall of your unit inwards on your own personal insurance policy. This includes but is not limited to interior non-bearing walls, doors, finished floor coverings, cabinets, fixtures and built-in appliances including unit-owner upgrades.

As a unit owner, you are strongly advised to properly insure what is not covered on the association’s master policy by purchasing your own Condominium Unit Owners Policy (AKA HO6 policy). Many unit owners 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 building coverage, you will need to insure building property or building and alterations coverage within the perimeter walls of your unit at full replacement value.

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 (if you are a landlord); loss assessment; and personal liability. A sample of coverages that should be on your policy follows:

Building property (including alterations)	Full Replacement Cost limits
Personal property	Full Replacement Cost limits
Loss of use (loss of rents)	Annual Rental Income
Loss Assessment	\$15,000 (not less than)
Personal Liability	\$1,000,000 (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 association policy deductible. 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 comparatively inexpensive to purchase. If you now have a policy, call your current agency and have them modify your coverage to limits not less than those shown above. If you do not have a policy, our agency will be more than glad to assist in placing your coverage. Please contact Kinser Insurance Agency at 970.879.1330. Also see **KinserInsurance.com** for more details or to submit your request for a quote.

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 quite possibly could be reasons for more or different coverages than those shown above.

Failure to heed this advice could be costly to you. Please contact your agent immediately.

***Disclaimer:** This document is meant to be a general description of coverages for use as 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 606634278 issued by Farmers Ins 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.