



Kinser Insurance Agency

Serving Mountain & Resort Towns

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Unit Owners of Mountain Side Condominium Association:

Effective 5/31/23, the insurance coverage for **Mountain Side Condominium Association** was placed through CRC in a layered program, very dissimilar to the previous coverage in place for the association. 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 condominium unit as required by the governing documents of the association, subject to a \$100,000 "All Other Perils" building deductible and \$250,000 wildfire deductible. Coverage has been written to comply with the insurance requirements outlined in the Association Declarations.

This correspondence is to assist in clarifying the coverages provided by the **Mountain Side Condominium Association** insurance policy. *

The **Mountain Side Condominium 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:

- **Maximum Insurable Replacement Value of All Improvements**
 - Buildings
 - General Common Elements (buildings, structures and common areas)
 - Limited Common Elements (outdoor decks, patios, etc.)
 - Condominium Units - Residential (including owner upgrades)

To attempt to clarify this coverage format in non-insurance terms, it can be said that "if you shook or turned the unit over, property within the unit that does not move is *Building Property* and insured on the association policy." This would include interior walls, doors, finished floor coverings, cabinets, fixtures, and built-in appliances including unit-owner upgrades to the residential unit, subject to the association deductible (as indicated above). *

Although this coverage format is extensive, it does not cover everything in your unit due to the large deductibles on the association coverage (\$100,000 "All Other Perils" building deductible and \$250,000 wildfire deductible).

For example, the current association building deductible is \$100,000 "All Other Perils" building deductible and \$250,000 wildfire deductible. It is entirely possible for there to be a claim within your unit in which you would be called upon to make up the \$100,000 or \$250,000 gap in building coverage. Additionally, there are several other necessary coverages not available on the association policy which you should insure.

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). Most unit owners **will not** have this coverage at adequate limits at this point. 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 of not less than \$100,000, but considering the wildfire deductible of \$250,000, it is **strongly suggested** that each owner insure the full value of the interior finish of their unit at no less than \$150 per square foot.

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. **We also recommend adding coverage for Backup of Sewers & Drains to your unit owner policy if you have not previously done so.** A sample of coverages that should be on your policy follows:

Building property	not less than \$100,000, but strong suggest full Replacement Cost Limits at \$150/sf not to exceed \$250,000
Personal property	Replacement Cost limits – min. \$20k
Loss of Use (Loss of Rents)	Annual Rental Income
Loss Assessment	\$125,000 (not less than)
Personal Liability	\$1,000,000 (not less than)
Backup Sewer & Drain	\$100,000 (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.

Commercial Team
Kinser Insurance Agency, Inc.

***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 Mountain Side Condominium Association in policies insuring it. 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.