

Insurance: What Board Members Need to Know

Lines of coverage, types of policies, terms:

- **Property Insurance** – coverage for building items and association contents
 - 3 ways coverage is provided:
 - 1) Special form – everything is covered unless it is excluded (flood, earthquake)
 - 2) X-wind policy (Special form excluding wind) & Wind policy
 - 3) Basic Form Policy (11 covered perils) & a Difference in Conditions policy (D.I.C.)
 - **Replacement Cost** – today's cost to repair or rebuild property
 - **Actual Cash Value** – replacement cost minus depreciation
 - **Ordinance and Law** – the additional cost to comply with new building codes
 - **Subrogation** – the process of recovering from a third party who is legally liable
 - **Co-insurance** – penalty insurance companies have to make you insure to value
100% - 90% - 80% - Agreed Amount (no co-insurance)
- **Glass Coverage** – coverage for glass in units and common area
- **Flood** – rising water
- **Boiler & Machinery** – damage or accidental breakdown to equipment
- **Crime / Fidelity / Employee Dishonesty** – loss of money and securities of the Association
- **General Liability** – coverage for liability or negligence of the Association
- **Directors & Officers** - often none as D&O coverage, this is protection for the Directors, Officers and the Association in the event they are sued while performing Association duties
- **Non-Owned Auto Coverage** – auto liability for drivers conducting Association business
- **Workers Compensation** – (W.C) medical and indemnity coverage for injured employees
- **Umbrella / Excess Liability** – additional limits for General Liability, D&O, Auto & W.C.

The Renewal Process

Determine adequate coverage?

Get an appraisal (Condominiums min. 36 months)

Umbrella/Excess Liability

Selecting an Agent!

Old way vs. Best way

Things to find out about agencies

Make it easy on the agent (very important for HOA's)

Budgeting:

Flood Insurance – is it required?

Unit owner policies – is it required?

- **Personal Contents** - contents, cabinets, wall & floor coverings, improvements, etc.
- **Personal Liability**
- **Loss of use**
- **Assessment**