PLEASE READ—COULD SAVE YOU $$$$

Time to Check your Homeowners Insurance

Well, hurricane season is quickly approaching, and it is no time like now to make sure that each one of us has the correct coverage at the right price. That is just what the Pass Marianne Homeowners Association's Finance Committee just did. This year we asked for competitive bids and as a result the rates for the same insurance coverage as last year is costing us about **$10,000** less. We also questioned whether the coverage that we have is adequate for the for a disaster. Luckily, a member of the committee came up with an appraisal completed in 2017 that is right on the amount our insurance coverage. Two wins there.

Pass Marianne is a bit strange in the sense that the HOA covers your basic structural damages to the units as they were first built in 2007. I understand that it is very unusual for condominiums to do. Did you know that **PMHOA covers your condo insurance?** I didn't realize this went we moved in and, consequently, we over insured. All the insurance you need is for your furnishings, clothing, personal items and all the other stuff you moved in. It would be something like a renters insurance policy but for homeowners.

I have included the verbiage of the Docs that to this coverage later in the article. Here is the information that you refer to. Some insurance agents may balk at your request to reduce your coverage.

Now the question comes up, I'm new and I don't know if my unit has been changed or not. This will be an important question to answer to determine whether you need additional structural coverage because of the **betterments** in your unit or not. As a rule, all units when they were built in 2007 had carpeted bedrooms and 1' square tile floors everywhere else. The cabinets were uniformly the same style throughout of stained better grade wood without knobs. The counter tops were granite. Lighting was recessed, except for the foyer and the dining area. The units came with mid-to better grade kitchen appliances, a tank style water heater, and H/Vac system fit for the unit. The full baths had either a tiled stall shower, a tub bath/shower, a jetted bath, or a combination. The closets were standard rod and shelf. If your unit has more than this, it was probably upgraded. You will have to decide the approximate amount of the value that is added to your property.

If you have a normal what I call "wall to wall" or condo home-owners policy, look at it carefully. It will specify an amount for rebuilding. Now I am not an insurance person and am probably killing the proper terminology. But what I am trying to refer to, is the type of policy that will build you a shell and they say, "Here it is." That's what I have now, by mistake, of course. I am paying for up to $100K coverage to build my walls, kitchen, baths, floors, ceiling, H/Vac, etc.

But that is not what I need. Why? Because I have only $10K betterment to the original 2007 buildout. If there were a disaster, the HOA would build me out at replacement cost with the PMHOA. If I took pictures of the betterments that I had and had records showing that I put them in or they were there when I purchased the unit, I would only get $10K of that $100K. That policy was wrong for this condo. I need to change the coverage. It's not anyone's fault. It is just one of those things that happen when everyone is busy and crazy. But it will be my fault if I don't fix it.

While I am addressing this, please take the time to take pictures of your furnished condo now. Open the closet, bureau drawers, and cabinets and take photos. Save them on the "cloud" or put them on a thumb drive and give them to someone who doesn't live here. As a rule of thumb, you should do this every couple of years or more often if you redecorate. You may have $50K on your personal coverage, that doesn't necessarily mean that the insurance is going to write you a check for $50K. They want proof. Trust me.

What do I do now?

Regardless of which kind of insurance you have-----

1. Determine the extent of your **betterments** and their value to the condo and insure for that value **ONLY**. Example ... How much more would it cost to install the marble that you have now instead of the granite that was there before. Forget the installation cost. That should be the same. Continue until you covered each element. Total. Add a little, because you have forgotten something. Keep this file.
2. Determine how much coverage you have **now.** You can change the coverage up and down as needed. Compare what you need to what you have and go the next step.
3. Make the changes as necessary. Get your coverage is where it should be.
4. Review your policy periodically.

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Reference to coverage....CONDO DOCS

Article X –INSURANCE AND CASUALTY LOSSES – Section 1. **Insurance.** page 20

The Association's Board of Directors shall have the authority to and shall obtain insurance for all of the improvements of the property (with the exception of improvements and betterments made by the respective owners at their expense) against loss of damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover the full replacement cost of any repair or reconstruction, as **originally designed** in the event of damage of destruction from any such hazard, less a reasonable deductible, and shall also obtain a public liability policy covering all common area and all damage or injury caused by the negligence of the...........................

Also refer to page 24, Section 4. **Damage and Destruction.** Paragraph A. In its entirety.