

Oxford Downs Association

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Date: August 1, 2022

Re: Suggested HO6 Policy - Homeowners Personal Insurance Coverage

Your Board of Directors and our current Insurance Agent asked that I send this suggestion letter to all the homeowners, concerning the Unit Owners insurance policy, commonly referred to as (HO6) coverage. American Family Insurance manages your HOA's Master Insurance Policy. This letter is designed to put each Homeowner in your association on notice as to how **important** it is to have the correct coverage on their/your home in order to avoid having to pay an HOA loss assessment personally.

Due to the large hailstorm losses in the last 10 years, insurance companies across Colorado are only offering renewals on multi-family property exposures with a percentage wind and hail deductible. Your association's coverage has changed to a wind/hail deductible of 5% of the total building value. This is significant to each owner because if the Association incurs a large wind or hail loss, each homeowner can be assessed a proportionate share of the damage which could total more than **\$6,727.32** for EACH OWNER. Therefore, additional loss assessment coverage from an insurance company that offers the coverage is needed on each owner's personal policy (HO6) to adequately cover your unit correctly.

Loss Assessment - Provides coverage for "many special assessments" that could be made to a unit owner by the Association. Your Homeowner's Association Master Policy contains a 5% wind and hail deductible. This leaves a potential for a total deductible for you association of as much as **\$356,548.10** in the event of a large wind or hail covered loss. In the event of a loss like this, the association will be forced to assess all unit owners for their share of the deductible. As unit owners, you currently can insure against this type of association-wide assessment. Some insurance carriers policies may cover assessments toward the recovery of the associations insurance deductible from a covered claim. The suggested minimum coverage limit is at least the amount of the associations master insurance policy potential deductible divided by the number of units in your association. Typically, you can buy a \$10,000 loss assessment endorsement to your policy for under \$15 a year in premium.

Personal Property - Provides coverage for personal belongings (i.e. clothing, electronics, furniture, etc.) Suggested coverage limit is the amount that would be required to replace items at today's prices.

Personal Liability - Typically provides coverage for liability suits that could potentially be brought against an owner by another party; either on or off residence premises (excluding your vehicle) for bodily injury or property damage. Suggested coverage limit is enough coverage to protect current & future assets - \$1M minimum coverage is suggested - higher limits may be available by purchasing an umbrella Policy.

Guest Medical - Provides coverage for injury to others that occurs at your residence premises - This coverage is a “no fault” coverage and is provided to cover injuries that could occur at your residence regardless of fault. Suggested coverage limit is a minimum of \$ 5,000.

Building Property - Provides coverage for the replacement of the portion of your building/unit you may be responsible for that is damaged as the result of a covered loss. Please consult your personal insurance representative for the appropriate amount of coverage needed based on your unit size, features and the HOA Declarations.

The above suggested coverages are merely suggestions & may not represent all the coverages required by an owner to adequately protect his/her individual risk exposure. To obtain the proper coverage, you should always review your needs and the HOA Declaration with a qualified insurance professional. NOT ALL INSURANCE CARRIERS OFFER LOSS ASSESSMENT COVERAGE, WHICH WILL COVER AN ASSESSMENT FOR AN ASSOCIATIONS DEDUCTIBLE. Make sure the policy you purchase does have the needed language.

You or your personal insurance agent are welcome to call or email American Family Insurance with questions regarding your HO6 policy. You may also call the agents below, as they have the needed expertise to help you through this process.

Below you will find the contact information for three insurance agents that are very familiar with writing HO6 policies with Loss Assessment coverage for the purpose of covering deductible assessments. Give them a call and get a quote to assure you have the correct coverage.



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