



**Michael Abdou Insurance Agency, Inc.**  
Offices in San Diego, CA and Pleasanton, CA  
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CA #0C73864 | AZ #172886 | NV #671529  
[www.abdouinsurance.com](http://www.abdouinsurance.com) | [www.insuremyhoa.com](http://www.insuremyhoa.com)

September 25, 2016

**Aria Homeowners Association**  
*c/o Action Property Management, Inc.*  
1441 9<sup>th</sup> Avenue  
San Diego, CA 92101

Dear Aria Homeowner,

Our agency is pleased to have been retained as the insurance service provider for the Aria community, effective October 1<sup>st</sup>, 2017. In coordination with association, our agency would like to provide all homeowners with information regarding specificity of what the master insurance policy covers *within the residential units*. In order to ensure that all homeowners are maintaining proper limits of insurance, please review the information below. **Please note, regardless of what is insured on the association's policies, all owners are responsible for damage within their homes that are either uninsured by the association's policy or are under the association's \$25,000 unit coverage deductible.**

#### **ITEMS COVERED BY THE MASTER POLICY**

In accordance with Article 11 of community's CC&Rs, the master hazard insurance for Aria provides property coverage for all common elements of the community as well as the structural portions of the residential unit interiors. While a complete list of items insured on the community's master policy can be found in Section 11.2.1(b) of the CC&Rs, they include: *walls, ceilings, floors and their coverings, cabinetry, countertops, built-in appliances and fixtures (all as originally installed).*

#### **ITEMS NOT COVERED BY THE MASTER POLICY**

While the master policy covers structural elements of the residential interiors, it will ***not*** provide coverage for personal property owned by homeowners such as furniture, electronics and other similar items that are individually owned and are not part of the building structure. Additionally, the master policy will not provide coverage for upgrades to any of the insured items within the residential units. As such, all owners are to obtain coverage for their upgrades and improvements to the residential unit interiors.

#### **DO HOMEOWNERS NEED INSURANCE?**

Yes! In addition to items that are not covered on the master policy, the association's master insurance policy will ***not*** provide for other important coverage items that the personal condominium policies offer. These are briefly described on the following page along with minimum coverage recommendations for certain items.

It is very important that all owners consult with their personal insurance agents to ensure that the proper coverage limits are in place. All owners are welcome to have their personal insurance agents contact our office and we are more than happy to assist in discussing the potential gaps in coverage between the association's policy and the personal condominium policies.



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**Aria Homeowners Association – Insurance Responsibility Summary**


<b>Insurable Property</b>	<b>Insured by HOA</b>	<b>Insured by Homeowner</b>
Exterior Building Structure	X	
Building Utility Installations	X	
Original Interior Surface Coverings	X	
<b>Upgraded</b> Interior Surface Coverings		X
Bearing Walls	X	
Original Cabinetry/Countertops	X	
<b>Upgraded</b> Cabinetry/Countertops		X
Original Built-in Appliances	X	
<b>Upgraded</b> Built-in Appliances		X
Original Fixtures within Residential Unit	X	
<b>Upgraded</b> Fixtures within Residential Unit		X
Residential Unit Doors	X	

In addition to purchasing appropriate limits of building insurance coverage for replacement of the residential unit interiors, all owners should maintain coverage for the following items which are **not** covered by the association’s policy:

- **Personal Liability** coverage to protect owners from liability incidents within the residences.  
 ❖ *Minimum Recommended Limit: \$500,000*
- **Loss of Use** coverage to collect funds associated with alternative living accommodations in the event of the residential unit being uninhabitable due to loss.  
 ❖ *Minimum Recommended Limit: \$25,000*
- **Loss Assessment** coverage to cover special assessments that may be levied upon the homeowner in the event of liability for a loss (such as responsibility for HOA deductible)  
 ❖ *Minimum Recommended Limit: \$25,000*
- **Personal Property** coverage to ensure replacement of personal items such as couches, TVs, desks, chairs, tables, computers, etc. in the event of loss.  
 ❖ *Minimum Recommended Limit: Dependent on Each Particular Owners’ Needs*

Our offices takes great pride in providing insurance services for the Aria Homeowners Association, and if there is anything we can assist with please let us know and we are very happy to help!

  
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## **Special Note on Water Damage**

Water damage is the single most frequently occurring type of damage within condominium high-rise communities. It is important that all owners verify with their personal insurance carriers that the policies include coverage for water damage that comes from both common area and non-common area sources. Examples of non-common area water damage can be from an icemaker supply line, shower, angle stop, exclusive-servicing plumbing line, etc.

Some carriers such as State Farm actually exclude coverage for water damage from outside the unit unless the coverage is purchased for additional premium. Given that these are the most common causes of loss to condominium units in high-rise communities, all owners need to ensure that this coverage exists on the personal condominium policy.

### **Potential Loss Example**

*A common drainage line backs up and overflows into two (2) residential units. Who is responsible for what?*

While it is commonly thought that the association is always responsible for damages resulting from common pipes, this is not the case as these loss incidents are typically sudden and unforeseeable. As a result, the association's responsibility would be to clear the problematic plumbing line, and each impacted owner would need to file claims on their individual insurance policies.

In the event that the damages are high enough to the association-insured property within the units, the personal insurance carriers would contact the association to request a claim be opened on the association insurance policy. Otherwise, the personal insurance policies would address all damages within the residential units in accordance with the Aria Homeowners Association CC&Rs.

It is immensely important that all owners verify coverage with their personal insurance carriers, as adding coverage for water damage originating from outside the unit is inexpensive and provides great financial protection in the event of a loss.

All owners are welcome and encouraged to provide this document to their personal insurance companies to ensure that there are no gaps in coverage between the association and personal insurance policies. Should there be any questions on Aria's coverage, all owners and their insurance brokers/companies are welcome to contact our office and we are here to assist.