

HOW THE ASSOCIATION'S POLICY BLENDS WITH YOUR HOMEOWNER'S POLICY

What the Somerset Creek Condominium master policy provides:

1. The common elements, limited common elements and units are covered.
2. Those items in the unit which are the declarant's or developer's original specifications are covered with replacements of like kind and quality. Items covered include interior walls, cabinetry, plumbing fixtures, appliances and floor coverings.
3. Betterments, improvements and upgrades made at the expense of the unit owner are covered. Those items could include upgraded carpeting, cabinets and appliances as well as wall coverings, built-in bookshelves and other permanent additions.
4. Except for specific limited items, coverage is provided on a Guaranteed Replacement Cost basis. Guaranteed Replacement Cost is replacement cost with no limit.
5. The Association's policy is primary with regard to any other insurance in the name of any unit owner which covers the same property. That is, the Association's policy will respond to the claim first and the unit owner's policy will respond next.
6. The Association's policy's basic property deductible is \$5,000 per occurrence which includes claims for fire, smoke, windstorm, water damage and vandalism.

** No coverage is provided for wear and tear, deterioration, damage by insect or animals, settling or cracking of foundation, walls, basements or roofs. There is no coverage for damage caused by leaking or seeping from appliances or plumbing. This includes leaking from around the shower, bathtub, toilet or sink. These events are properly classified as maintenance items. The policy contains full details on coverages, limitations and exclusions.

What is the homeowner's insurance responsibility?

1. Dwelling - If the association's practice is to make the unit owner responsible for the association's policy deductible, the unit owner should have coverage for the dwelling and betterments and improvements in an amount to cover the association's deductible.

Most condominium unit owner policies automatically provide some coverage for the unit and betterments and improvements in the unit. Usually the automatic coverage is 10% of the unit owner's contents or personal property limit. If, for example, the unit owner has a \$50,000 contents limit, the policy may provide 10% or a \$5,000 coverage limit for the unit subject to the unit owner's deductible of, perhaps, \$250.

The association's basic property deductible is \$5,000. The association's policy provides primary coverage and will pay for damage incurred above the \$5,000 policy deductible. If the unit owner is made responsible for the association's policy deductible, the unit owner is responsible for the first \$5,000 damage to his unit.

Since the unit owner is responsible for the first \$5,000 damage, he can file a claim with his homeowner's insurance company. The homeowner's carrier will respond to the claim subject to the unit owner's lower deductible. The unit owner shares the responsibility for the insurance claim and has a small out-of-pocket expense. The association policy is reserved for larger, more serious claims and does not become a maintenance policy.

2. Contents or Personal Property Coverage - Coverage for furniture, clothes and household items.

3. Loss of Use - Provides coverage for additional living expenses in the event that a fire or other catastrophe should force the homeowner to temporarily live away from his home.

4. Personal Liability - Protects you if others make a claim or bring suit against you for bodily injury or property damage for which you or members of your family are responsible.

5. Loss Assessment Coverage - Provides coverage for a special assessment made by the association for certain kinds of losses. For example, someone is seriously injured on common property and is awarded a judgment which is higher than the amount of liability coverage provided on the condominium's policy. Please note that most policies exclude loss assessment coverage for earthquake.

How are association claims filed?

CAU's standard procedure is to only accept a claim from the property manager or a designated member of the board of directors. Claims are not accepted directly from a homeowner.

Condominium Certificates:

The bank or mortgage company which holds your mortgage loan may require evidence that the Association's policy is in force and provides coverage for your unit. When you receive a request from your mortgage holder for a certificate, please complete a Certificate of Insurance Request Form and forward to our office via fax or email as outlined on the form or send to:

Certificate Department
Community Association Underwriters
2 Caufield Place
Newtown, PA 18940



Community Association Underwriters of America, Inc.

CERTIFICATE OF INSURANCE REQUEST FORM

To obtain a Certificate of Insurance, please complete the information below.
Your request can be faxed to 267-757-7410, e-mailed to certs@cauinsure.com, or visit our website for processing at www.cauinsure.com.
Requests are processed in a timely manner and mailed directly to the Mortgage Holder, unless forwarding instructions are provided below.

ASSOCIATION/COMPLEX NAME: Somerset Creek Condominium #25744

UNIT OWNER/SHAREHOLDER:
(as they appear on mortgage loan, including middle names or initials)

COMPLETE UNIT ADDRESS:
(street name, unit #, city, state and zip code)

MORTGAGE LOAN NUMBER:

MORTGAGE/CERTIFICATE HOLDER:
(as should appear on the Certificate of Insurance; including address)

Forwarding instructions:

Company Name: _____ Attn: _____

Company Address: _____

Phone Number: _____

**By providing CAU with a Fax Number and/or E-mail Address,
you will be invoiced \$20.00 for expedited service.**

Fax Number: _____

E-Mail Address: _____