

# TOWNHOUSE VILLAGES AT RIVER WOODS HOMES ASSOCIATION

## INSURANCE NEWSLETTER AUGUST 2022

This outline is intended to provide you with a brief overview of the Master Insurance program in place for Townhouse Villages at River Woods Homes Association. Not all coverages and/or exclusion are outlined in this letter.

The marketplace for associations has received major losses in Minnesota in the past year, paying millions for hail and tornado losses. These occurrences have made our state number one in insurance losses to date. River Woods has managed claims well and owners have done a good job in controlling their losses. The market as a whole is what carriers base the increased premiums on. We went to all national carriers for quotes, only seventeen responded. Most responded with even higher pricing and less coverages. The Board selected the best plan to manage our community perils.

If you would like to find out what the marketplace is like, call and speak to your HO6 agent for a very real discussion on this issue in the MN market today. The Board which approved this policy also lives in River Woods and pays the same as you do. There is no cheaper market out there! Reminder, the Board, and office have nothing to do with the insurance marketplace, be kind, we are the messenger! A threat of action will not improve this cost nor will yelling at anyone. If you came to the Annual meeting, you were clearly explained the market situation then. If you did not attend you should try to do so, there is important information given at meetings and all is in the Villager sent out monthly.

Following is a general overview of policy provisions and is, of course, subject to the actual policy terms, conditions and exclusions.

### BUILDING COVERAGES – Illinois Union Insurance Company and Homeland Insurance Company of New York

The property policy provides building coverage on a replacement cost basis for the amount shown on your certificate of insurance. The policy provides “Special Form Coverage” protection against direct physical loss or damage to the buildings. This coverage includes, but is not limited to, the following perils: fire, lighting, windstorm, hail damage, falling objects, riots and civil commotion, explosions, smoke damage, removal expenses, vandalism and malicious mischief, damage by vehicles and aircraft, weight of ice, sleet or snow or water damage. **The applicable deductibles are as follows: Water Damage - \$25,000; Flood and Earthquake - \$50,000; Wind/Hail – 1% of Building Values affected by loss, subject to \$100,000 minimum; and all other perils - \$25,000. If several units are damaged by the same occurrence (i.e., Tornado) then the deductible will only apply once. Loss assessment coverage may be available on your HO-6 policy to help offset some of this deductible expense to you, the homeowner. Contact your personal lines agent to clarify. The homeowner will be responsible to pay for whatever portion of the deductible is assigned to the unit. The maximum deductible possible on home/unit is \$50,000.00 and this is the amount you should insure for the loss assessment deductible on your HO6 policy.**

The major exclusions of your policy are as follows: Nuclear, Biological, Chemical and Radiological loss, Earthquake, Sprinkler Leakage, Pre-Existing Property Damage, Asbestos Material, Pollution & Contamination and Terrorism.

The definition of “Building” includes:

- A. *“...Completed Additions” and*
- B. *“...**Permanently installed** fixtures, machinery and equipment. Outdoor fixtures” and*
- C. *“...**Personal property owned by the association that is used to maintain or service the office, shop, pool, building or structure** including fire extinguishing equipment, outdoor furniture, floor coverings, and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering. **AND if not covered by other insurance**, additions under construction, alterations and repairs to the building or structure, materials, equipment, supplies and temporary structures on or within one hundred feet of the described premises, used for making additions, alterations or repairs to the building or structure.”*

This means that anything *permanently* installed in a unit, such as appliances, floor coverings, carpet, cabinets, wall coverings, light fixtures and bath fixtures are considered to be part of the building and are covered by the property policy.

### PERSONAL PROPERTY COVERAGES

It is not the responsibility of the Association to insure your personal property. Personal property owned by individual homeowners, which is not permanently installed, (i.e. furniture, clothing, jewelry, and personal effects) should be insured under a Homeowner’s Condominium Owners policy (called an HO-6). Contact a personal lines insurance agent to discuss HO-6 insurance if you have not already done so.

## **LIABILITY COVERAGES – Cincinnati Insurance Co.**

This policy contains a \$1,000,000 single limit of liability applying on a “per occurrence” basis for bodily injury and property damage. This limit of liability protects the Association and each individual homeowner, in the event that a claim arises because of an occurrence on the **common premises** of the Association.

Please note that this liability coverage does not extend to you, the individual homeowner, for your personal liability exposures occurring on that portion of the premises occupied or used exclusively by you! Personal liability exposures include such things as bodily injury or property damage caused by your negligence, libel, slander or defamation. Your personal liability exposures should be insured, along with your personal property, in your own Homeowner’s Condominium Owners policy (HO-6).

Here are some examples of liability situations.:

- A. *Someone interested in buying a home in the Association walks across the parking lot to the office. They slip and fall on ice, sustaining bodily injury. The Association’s Liability policy would respond to the claim.*
- B. *You are entertaining guests in your home. One of the guests slips and falls in your kitchen and sustains bodily injury. Your personal liability insurance would respond to the claim, not the Association’s Liability policy*

## **MISCELLANEOUS COVERAGES AND EXTENSIONS**

1. The liability policy contains broadened liability coverage’s which include such features as contractual liability protection, host liquor liability protection, and incidental medical malpractice protection.
2. Directors & Officers Liability coverage with CNA Insurance in the amount of \$5,000,000. This extends coverage to board members, committee members and other volunteers that help run the day-to-day business of the association.
3. A commercial Crime with CNA Insurance in the amount of \$500,000 is purchased which provides protection for the Association’s assets in the event of dishonest acts.
4. Cincinnati Insurance Company also provides excess liability protection in the amount of \$5,000,000. This policy extends the liability coverage for claims arising because of an occurrence on the **common premises** of the Association.

## **CLAIMS REPORTING PROCEDURES**

Should you experience a loss or have knowledge of a loss the following steps should be taken:

1. Call the River Woods office with all information.
2. Immediately call Kraus-Anderson Claims Department (952.707.8200).
2. Kraus-Anderson Insurance will submit all necessary information to the insurance carrier(s) who will assign an adjuster to investigate the claim and make a loss settlement.
3. The association office will be able to help you with the selection of a contractor.
4. Communication is of the utmost importance! Therefore, in the event of a problem or a breakdown of communications, do not hesitate to contact the agency Claims Department (952.707.8200) or the agency Claims Manager, Deb Mueller (952.707.8208) with issues or questions.

## **MORTGAGE CHANGES**

If, at any time in the future, you should have reason to change your mortgage company, pay off your mortgage or receive a request from your mortgage company for a Certificate of Insurance, please contact us at 952.707.8200, and ask to speak to Amber Weeks or Elysia Watkins. *If you supplied us with the name and address of your current mortgagee, then we have already sent them a copy of the Certificate of Insurance.*

## **KRAUS-ANDERSON INSURANCE**

Kraus-Anderson Insurance is a full-service independent insurance agency which has been located in Burnsville for over 40 years. We offer both commercial as well as personal lines insurance services. If you would like to review and/or discuss your personal lines insurance needs, please call Matt Akin at 952.707.8200.