

# General Overview on HOA Insurance

## HOA DEDUCTIBLES AND HOMEOWNERS

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1. The total insurable community assets and other property for which the HOA is responsible for to be insured under the Master Association Policy is \$250,000,000. This can include the clubhouse, community amenities, roofs on houses, etc.)
2. The deductible for the HOA with their Master Association Insurance Policy in the event of wind/hail is 5% of the appraised/determined value of the HOA assets: \$12,500,000 (any HOA claim under this amount paid for in-full by HOA (homeowners) . The percent of deductible is determined between the HOA and insurance company. If a total disaster on 1,000 homes then each homeowner responsible for \$12,500. (\$12,500,000 divided by 1000 homes). If the HOA claim is \$5,000,000 each homeowner responsible for \$5,000. Loss assessment insurance mitigates homeowner financial liability.
3. The deductible for the HOA in the event of fire is \$25,000 per claim (HOA/homeowners responsible for first \$25,000 of a claim). If the clubhouse burnt down or had damages of \$100,000, the HOA (homeowners) would pay \$25,000 and insurance \$75,000. Any fire claim \$25,000 or less paid for by HOA (homeowners).
4. Types of available/base-line homeowner unit coverage, personal property insurance (furniture, personal belongings, home improvements you made) based on replacement cost, homeowner liability coverage and loss assessment insurance to defray financial responsibilities on HOA insurance claims.
5. The HOA Master Association Policy most often doesn't include insurance coverage for homeowner personal items or lodging while damage is being repaired or restored.
6. HOA Insurance Contingency Reserve Fund: an account that is funded from assessments to pay for insurance deductibles. This is not a fund to be used to pay for insurance premiums. Ideally, this fund would amount to the percentage deductible in the event of wind/hail damage: in the above example \$12,500,000.
7. The HOA Master Association Policy and individual homeowner policies should be review at least annually to update for inflation on HOA valued assets and replacement costs, changes in the HOA policy, the value of your personal property and coverage under your loss assessment insurance.