

WATERS EDGE CLAIMS FILING CONSIDERATIONS-LIMITATIONS SUMMARY

(See Specific Bylaws Sections on Reverse Side)

Bylaws Section 8.2.C requires the Association to carry insurance for common areas and units. However, all relevant bylaws, rules, and regulations referred to in Bylaws Section 8.4.2.C need to be reviewed together to correctly determine where Association coverage ends and HO6 or rental unit coverage begins. While the Association carries coverage for units, **Bylaws Section 8.2.C** specifically excludes any coverage for “betterments and improvements” made by various owners after the unit’s original construction in the 1970s. Since most unit damage claims do not exceed the Association’s substantial deductible, such coverage usually applies to large catastrophic losses over the deductible.

Subject to amount of unit damage repair costs and the responsibility of the unit owner to reimburse the Association for the claims deductible, the Association will pay to repair/replace failed components of the common and limited common elements. The Association will not repair damage or replacement of components to the unit interiors caused by the failed/damaged common or limited common elements.

Bylaws Section 12.3 holds an owner responsible for all repairs within his/her unit for internal installations, including light, power, sewage, water, sanitary installations, etc.

Bylaws Section 8.3.L excludes the Association from liability for any water supply failure inside a unit--which is the most frequent damage claim. That is why the Association strongly recommends owners purchasing “special perils” endorsements for sewer-water backups.

Bylaws Section 8.4.2.B requires owners to carry enough “loss assessment” coverage to pay the Association’s significant deductible for claims involving the damages to an owner’s unit.

Bylaws Section 12.3.4.A obligates an owner to reimburse the Association or other owners whose units are damaged by a failure within the owner’s unit of any system or component thereof, regardless of negligence or fault. HO6 or rental unit insurance companies may seek such reimbursement for the damages(subrogation), or defer doing so unless provable negligence caused the damage.

INSURANCE SUMMARY: Condo insurance coverage is different than single-family home coverage. When a unit suffers damage, after the Association manager has been notified and the source of the damage has been stopped, the owner should expeditiously contact his/her HO6 or rental unit insurance company so that an adjuster can assess the damage. When damages occur inside an owner’s unit, the owner’s HO6 or rental unit policy has usually paid for repairing interior unit damages—because of Association coverage exclusions and high deductible kicking in the loss assessment requirements. In recent years, condo association premiums have skyrocketed nationally, forcing higher Association policy deductibles. Pursuant to Bylaws Section 8.4.2.B above, the Association’s insurance for units is applied:

--If damages to a unit(s) are above the Association deductible and not covered under any of the articles above, the Association **will** file a claim at its discretion, and the Association's carrier will repair the unit—again, only to its original 1974-era design and finish levels (builder's grade at best), minus the Association's deductible which will be assessed to the owner. The owner's HO6 or rental unit carrier should pay for all upgrades made by various owners over the years since the unit's original construction and pay the claims deductible loss assessment.

--If damages are less than the Association’s deductible and covered under any of the articles above, the Association **will not** file a claim since it will receive no reimbursement. It would only increase the Association's experience rating leading to increased premiums going forward--and higher costs when Association insurance coverage is bid--all which must be passed on to all 204-unit owners through substantially increased monthly dues. Owners should file a claim with their HO6 or rental unit carrier which should pay the claim, usually under the owner's “loss assessment coverage”. If damage to the owner's unit results from problems caused by an adjoining unit, the unit owner's HO6 or rental unit carrier has the sole right to subrogate (seek damage reimbursement) from the adjoining unit owner’s HO6 or rental unit carrier.

(OVER)

SUGGESTION TO OWNERS

To expedite claims processing, owners themselves can provide their HO6 or rental unit insurance company with frequently requested information readily available on the Association's website:

1. This "CLAIMS FILING CONSIDERATIONS-LIMITATIONS SUMMARY"
2. Association Bylaws
3. Association Rules and Regulations
4. Association Insurance Declarations

SPECIFIC INSURANCE-RELATED BYLAWS PROVISIONS

Section 8.2.C: The Association's insurance required by the Act will include the Units but **will not include improvements and betterments installed by Unit Owners since the Unit was originally constructed and first sold.**

Section 12.3.1: Each Unit Owner will be liable for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of his tenants, guests, invitees or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board for the Association.

Section 12.3.2: All the repairs of internal installations in the Unit such as water, light, power, sewage, telephone, sanitary installations, interior doors, and interior windows, electrical fixtures and all other accessories, equipment and fixtures **located within the Unit will be at the Unit Owner's expense.**

Section 12.3.4: A Unit Owner shall be obligated to reimburse the Association and any other Unit Owner damaged by a failure within his Unit of any system or component thereof, regardless of negligence or fault.

Section 8.3.L: The **Association will not be liable** for any failure of water supply or other services to be obtained by the Association or paid for as a Common Expense or, except to the extent of insurance coverage, for injury or damage to a Unit Owner, guest, or renter or property caused by the elements or by the Unit Owner, or by any other person or resulting from electricity, water, snow or ice, which may leak or flow from any portion of the Common Elements or from any pipe, drain, conduit appliance or equipment.

Section 8.4.2.B: **Require Unit Owners to maintain loss assessment or equivalent insurance coverage** for the Owner to reimburse the Association for the Unit Owner's Share of the Association's policy deductible for a damage claim in which the Association repairs/restores the Unit Owner's Unit, and/or surrounding Units, or Association Common or Limited Elements.

(February 15, 2023)