

Dear Members of the East Lake Village Shores Community Association;

Per request of the board of directors, we are providing this two-page summary of the Insurance maintained by the Association and suggestions for you as an owner. To highlight:

- The Association policy includes coverage for common area buildings and structures as required in the governing documents (CC&Rs Section 12.01)
- The Association policy currently carries a per claim property damage deductible of \$10,000
- Effective November 1, 2020, the HOA insurance policy will no longer provide insurance coverage for fixtures and improvements to the interior of owners' units
- The Association policy also will not cover personal property of the unit owner
- As of November 1, 2020, unit owners will be responsible to insure their own dwelling unit, all fixtures and improvements thereto and their personal property. (CC&Rs Sections 12.02)

These changes in coverage are in response to a need to mitigate paid insurance claims on the HOA policy. Continued claims will increase the cost of insurance for the HOA and threaten the insurability of the Association. These changes put more responsibility on the individual owner for insuring property they are responsible to maintain, repair and replace.

Please read carefully and contact the professionals at Berg Insurance Agency with any questions or concerns.

Regards



Michael Berg  
President



**EAST LAKE VILLAGE SHORES COMMUNITY ASSOCIATION  
MASTER INSURANCE POLICY – EFFECTIVE OCTOBER 1, 2020**

**Property Covered**

- Association common property (lighting, mailboxes, walkways, streets, perimeter fencing, landscaping, irrigation controllers, etc.)
- Structural portions of residential buildings, from the exterior wall through to the interior surface of the dry-wall.

**Property Not Covered**

- Unit owner's personal property (e.g. items an owner would take with them if they moved)
- Interior fixtures and improvements to the units (cabinets, countertops, plumbing fixtures, floor coverings, wall coverings, etc.)

**Covered Cause of Loss**

- Including, but not limited to fire, lightning, windstorm, hail, explosion, riot, damage caused by aircraft or vehicle, smoke, vandalism, sudden and accidental discharge of water as a direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam. See policy for a full description of covered causes of loss.

**Non-Covered Causes of Loss**

- Including, but not limited to wear and tear, rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself, damage by insects or animals, settling, cracking, shrinking or expansion, repeated leaking or seeping of water (including around the shower, bathtub, toilet or sink), poor maintenance, faulty construction, earth movement, mudflow, asbestos, negligent work. See policy for a full description of covered causes of loss.
- Water, in any form, except as part of the covered cause of loss described above

**Property Damage Deductible**

- \$10,000 per property damage claim  
The individual unit owner may be responsible for this deductible

**How to Obtain a Certificate of Insurance**

Certificates of Insurance, to satisfy requirements for financial institutions, may be obtained by forwarding the financial institution's request via fax to 949-586-9877 or email to [info@berginsurance.com](mailto:info@berginsurance.com)

**How to File a Claim**

If the need to file a claim arises, take the necessary steps to limit and/or mitigate the loss by contacting the necessary emergency personnel, and follow your association's procedure (if defined) for notification of board members or community management. In addition, notify your own homeowner's insurance carrier. Claims payments under the Association Master Policy are made to the Board of Directors as insurance trustee.



**UNIT OWNER'S INSURANCE NEEDS  
HO-6 CONDOMINIUM UNIT OWNERS POLICY**

**Personal Property Coverage**

The Association Master Policy does not cover a unit owner's personal property and may have limited or excluded coverage for the fixtures and improvements to the unit interior. This coverage should be obtained with a "Contents Replacement Cost" Endorsement, which will replace damaged property without deduction for depreciation.

**Building Property**

Attached or built-in property to the interior of the unit needs to be covered on a unit owner's personal policy. Imagine picking the unit up and flipping it over. Building Property is everything that stays stuck inside. This includes bathroom, kitchen and light fixtures, cabinets and countertops, permanently installed appliances, floor coverings, ceiling coverings and wall coverings. Important – In the Condominium Unit Owners Policy provided by many insurance companies, such as the policy from Farmers Insurance Group, this coverage also applies if the unit owner were assessed the Association Master Policy deductible (\$10,000 per claim).

**Loss of Use**

If the unit is unlivable due to a covered loss, this coverage will pay for the unit owner's additional living expense. For rental units, this coverage pays the lost income to the unit owner while the unit is vacant due to a covered loss. An insurance professional can help determine an adequate limit for this coverage.

**Loss Assessment**

This coverage will pay a special assessment levied by the Association to the membership due to an insured loss exceeding the Association's Master Policy limits. This is not coverage for common area maintenance assessments.

**Personal Liability**

This coverage pays for the bodily injury or property damage to a third party if the unit owner is liable due to unintentional acts. Also covers family members, sporting activities and injury caused by pets.

**California Earthquake Authority (CEA)**

Coverage is available through this state run program, or similar program operated by individual insurance carriers, for Building Property and Personal Property damaged in an earthquake, as well as expenses incurred in the event of an earthquake. These expenses include Loss of Use and Earthquake Loss Assessment. Contact an insurance professional or go to [www.earthquakeauthority.com](http://www.earthquakeauthority.com) for more information.

***The above information is provided to assist in understanding the basic coverage on the Association's Master Policy and the unit owner's personal policy. Contact an insurance professional familiar with the unique aspects of community association insurance, such as those at Berg Insurance Agency, for assistance.***

