



## Personal Risk Management

### Insurance for Condominium and Cooperative Owners

*The San Francisco Bay Area is famous for its distinctive homes of all shapes and sizes, including condominiums, cooperatives, and contemporary high-rises. No matter where you call “home,” such a big investment requires insurance protection scaled to the value of your property and contents. Unfortunately, it’s easy to be confused about how insurance can be utilized to best protect your property and yourself. Let’s take a closer look and try to better understand your options.*

#### Coverage Offered by Condo Associations

Condo associations do offer some insurance protection, but often it is very limited. You should always read your condo association’s bylaws, sometimes called the Covenants, Codes, and Regulations (“CC&Rs”) to understand where the association’s coverage begins and ends.

Each association is different, but most associations cover the actual structures of the building and the association’s common property, but do not cover the additions and alterations you make to your unit, your personal property, or your personal liability. A separate insurance policy – called a Condominium Policy – can complement your condo association’s coverage and offer the protection you may need.

#### Condominium Policy

High quality condo policies offered by Chubb, Fireman’s Fund, and AIG Private Client provide broader protection than both the condo association and a direct writer (such as State Farm, Allstate, and Farmers). Some of the key coverage areas include:

- **Personal Property/ “Contents” Coverage:** Most condo associations declare in the “CC&Rs” that they are not responsible for an owner’s personal property. Make sure to read your contract carefully and understand what the association provides – and most importantly, what it does *not* provide.
- **Additions and Alterations Coverage:** Additions to your unit – such as fine floor coverings, unique countertops, and custom window treatments – are usually not covered by an association’s policy. Likewise, many direct writer’s policies may not offer enough protection for luxury home improvements. Chubb, Fireman’s Fund, and AIG automatically provide coverage for additions and alterations, up to 10% of your contents coverage limit. You may increase this limit to cover the total value of your improvements on a replacement cost basis.
- **Loss Assessment Coverage:** In the event of a common loss to the association’s property, the association assesses all unit owners; without a condo policy, the unit owner might have to pay out of his or her own pocket. With coverage through a direct writer, the policy most often responds up to a limit of \$1,000. With coverage through Chubb, Fireman’s Fund, or AIG, the policy will respond up to \$50,000.
- **Additional Living Expenses:** Under certain conditions when your condo unit cannot be lived in because of a covered loss to your unit, Chubb, Fireman’s Fund, and AIG will provide coverage for additional living expenses, up to 50% of the amount of your contents coverage – without a deductible.

## What To Do Now

- Review your condo associations bylaws regarding insurance coverage (“CC&Rs”), and find out what is covered by the association and what is not covered.
- Identify the value of your personal property and contents and make sure your insurance policy reflects this value.
- Know your insurance carrier’s definition of “replacement cost.”
- Evaluate the additions and alterations made to your condo and make sure that these are covered in your insurance policy.
- Consider loss assessment and additional living expenses coverage and how much you’re willing to pay out of your own pocket in the event of such a loss.

## Helping You With the Details

MacCorkle Insurance Service is very familiar with condominium coverage and has been responsive to the needs of our clients for over 35 years. Let us help guide you through your coverage options and make sure you’re adequately protected. Contact MacCorkle Insurance Service at 650-349-2364.