

Loss Assessment Insurance Coverage Notification

Please note that HOA insurance providers, particularly in Colorado, have seen an increasing number of hail/wind storms, and therefore, an increasing number of claims over the last 20 years. As a result, insurance carriers are requiring that HOAs bear the cost of these claims by raising premiums and deductibles. Most HOA insurance providers have anywhere between a 1% and 5% (of building value) wind/hail deductible, though these rates may increase in future years. The Springmeadows Condominium Association wants to make you aware of this information, and ensure you have adequate loss assessment coverage for your unit in case a special assessment is necessary in the future. As of 2018, the Springmeadows Condominium Association has a 2% Wind/Hail Deductible.

While the Association maintains insurance coverage for the condominium buildings, a claim arising as a result of wind or hail damage will have an unusually high deductible, which would result in a special assessment for owners within the Association.

Please discuss your options for obtaining Loss Assessment coverage with your insurance agent as part of your condominium owner's insurance policy (Referred to as an H-O-6 Policy).

Example scenario: A hail storm results in damage to the roofs, requiring replacement. The HOA's property insurance coverage is \$8,900,000. Based on a 2% deductible, the Association would owe \$178,000.00 to pay for the claim. Divided among 60 units, the cost to each unit is \$2,966.67. With Loss Assessment coverage using a \$500 deductible, the out of pocket cost to you would only be \$500.

Please be in touch with the Association's Management Office if you have any additional questions or concerns.