

The Colonnade Community Association

2023-2024

Condominium Unit Owner Insurance Notice

This memo briefly describes the insurance provisions of the MD Condominium Act/Bylaws, what this means to you as a unit owner, how you can protect yourself, what to do in the event of a property loss and how to request proof of the Association's master insurance.

Maryland Condominium Act/Bylaws

The Association's master insurance policy is to cover the entire condominium for insured losses, including the units, but not improvements made to a unit by an owner at their own expense.

If the cause of any damage to or destruction of any portion of the condominium originates from a unit, the owner of the unit where the cause of the damage or destruction originated is responsible for the council of unit owners' property insurance deductible not to exceed \$10,000."

This means that unit owners are responsible for paying the first **\$10,000** of the Association's master insurance policy deductible, regardless of fault if the loss originates from their unit.

What This Means To Individual Unit Owners

The Association's master insurance policy does not cover normal wear and tear, household and appliance repairs, insect, animal, and vermin damage, mold, and other normal expenses of home ownership. In addition, the master insurance policy does not cover the following items which fall to individual owners to insure:

- Damage to your personal property and household goods
- Your liability for the master deductible
- The additional value of improvements made to a unit by you or a prior owner
- Your additional living expenses if your unit is rendered uninhabitable
- Your loss of income from a rental unit that cannot be occupied after a loss
- Your personal liability for injuries inside units or your liability to others resulting from a careless fire, smoke damage, pipe leak or water overflow

How To Make Sure You Have Full Protection

This is accomplished by obtaining a Condominium Unit Owner's Policy (also known as an HO-6 policy) to cover your personal belongings, extra living expenses/loss of rental income, in the event of a loss that renders the unit uninhabitable, personal liability, loss assessment coverage, the master deductible and coverage for the value of improvements made to your unit.

The coverage provided by HO-6 policies may differ depending on the insurance carrier. Please check with your individual insurance agent or company to make sure your HO-6 policy will cover the master policy deductible if a loss originates from your unit.

What To Do In The Event Of A Claim

If you have a potential property claim, notify your personal insurance carrier and the Property Manager. In the event of a covered insurance loss, the Property Manager and Board of Directors will determine if reporting a claim to the master insurance carrier makes sense based on the extent of the damage. Reporting claims that do not exceed the master deductible is of no benefit to the Association and can result in an increase in the monthly assessment.

Proof Of The Association Master Insurance – Certificate of Insurance

When you sell, refinance, or in some cases your present Mortgage Company may require a new certificate of Insurance, you can obtain it online at www.aimcommercial.com/coi and any COI questions may be directed to condocerts@aimcommercial.com