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## ***BayWatch III Information Bulletin #16***

### **Condo Insurance- Important Update**

July 20, 2016

As a routine practice during the insurance renewal process, the Board has our agent shop the Bay Watch III insurance. During this process, it came to our attention that all potential insurance carriers may not have been included in the quote process, so we gave the opportunity for another agency to participate in the quoting process. As a result, Bay Watch III was able to save a significant amount on the cost of our insurance (approx. \$8k) by changing insurance carriers and agents.

#### **Insurance Deductibles**

One other significant change is that **our insurance deductible increased for all claims to \$5,000.**

In accordance with Maryland law and our Bay Watch III by-laws, you may be responsible for the deductible on the master policy if damage originates in your unit, up to \$5,000. **Contact your insurance agent to make sure you are covered for these deductibles on your HO-6 policy.**

Bay Watch was also able to cut the wind deductible in half to \$114k per claim.

#### **Insurance Agency Contact Info**

**Insurance Management Group, Inc.**  
PO Box 3609  
Ocean City MD 21843  
410-524-5700

[www.imgoc.com](http://www.imgoc.com)

Sally Parker is our agent. Her email information is [sparker@imgoc.com](mailto:sparker@imgoc.com)

#### **Insurance Certificate Requests**

If you require a certificate of insurance to provide to your mortgage company, you may request the certificate of insurance via the web at [www.imgoc.com](http://www.imgoc.com) and select "Certificate Request".

### **Insurance Claims**

If you feel you have an insurance claim, you must work through the Board. Your first call should be to Matt Shipley. Call Shipley Management @ 410-520-0300, report the situation and leave a message if it goes to voice mail, then call the emergency number 410-726-1301. Matt will guide you from this point.

### **Comments and Suggestions for Discussion/Consideration with your Personal Agent:**

- 1) Make sure you have the appropriate coverage for the \$5,000 deductible.
- 2) Loss Assessment coverage is available for each unit owner through their personal HO-6 policy.
- 3) Damage to property of others damaged by your unit (for example, a leak) can be insured on an HO-6 form.
- 4) A Broadening Endorsement should be added to the HO-6 form called HO-32 which provides "all risk" on permanent improvements, coverage A.
- 5) Association coverage provides for repair / replacement of your unit back to the "original delivery condition at 1<sup>st</sup> closing. We continue to insure at 100% of replacement cost, rather than the allowed 80%. Additions and improvements beyond that original condition should be listed on your HO-6 coverage.
- 6) Attached is a brochure with additional information from our agent.

We hope that you find this information useful in insuring and maintaining your unit at BayWatch III.

Sincerely,

Your BayWatch III  
Board of Directors

## Your Associations' Master Insurance Program

Your Condominium Association's building and units are insured by a master insurance plan that includes coverage to replace Common Elements, Limited Common Elements and Units. If there is an insurance claim and a unit, or units, are damaged, the master policy will pay to fix the damage to the extent and condition the unit was originally designed and conveyed when brand new and at today's replacement cost. This means all cabinetry, flooring, walls, ceilings, appliances, electrical and plumbing will be restored with like kind and quality materials as it was originally designed and built, subject to the master policy deductible. However, any changes, or upgrades made to a unit since the day it was conveyed by the Developer must be insured by the unit owner, whether you are the owner that added the upgrades or not.

## Master Policy Deductible Responsibility

Maryland Law now allows the Association to assess the unit where an insurance claim originates for the master policy claim deductible up to a maximum of \$5,000. Please be sure to discuss this matter with your personal agent to see if your homeowner's policy will pay for master policy deductible assessments levied against you by the Board of Directors. Remember, if your unit is where an insured claim/damage originated, then you will be assessed for the master policy deductible.

\*See "Additional Coverage Available"

## Proof of Insurance

If you have a mortgage or loan against your unit, the lender will often request proof of the Condominium Association's master insurance policies. Simply go to our website at **www.imgoc.com** and click on "Certificate of Insurance Request". You will need your loan number and all mortgage information to complete the form before submitting it to our office. Your request will be processed by our office within 48 hours of our receipt and the Certificate of Insurance will be sent to your lender directly with a copy to your email address. Please save your copy in the event the lender sends you a subsequent letter stating they don't have a copy. When looking for your email from our agency with your document, also check your "Junk" or Spam" folders.

## Suggestions of Unit Owner's Insurance Needs

**Property and Liability Protection** Unit owners should obtain a homeowners insurance policy (aka HO-6) to protect their personal insurance needs.

Homeowner policies generally insure against Fire, Lightning, Hail, Theft, Freezing, Wind-storm, Vandalism, Riot or Civil Commotion, Accidental Discharge or overflow of water from within a plumbing, heating or air system, plus other perils specified in the policy.

Liability coverage is also included in the condo owners policy and should be dovetailed with a Personal Excess, or Umbrella Liability policy. The liability protection can be extended to include rental units.

## \*Additional Coverages Available

**PERSONAL PROPERTY** - furniture, clothing, dishes etc.

**REPLACEMENT COST ENDORSEMENT** - Will eliminate the deduction for depreciation at the time of loss

**RENTAL TO OTHERS ENDORSEMENT** - Since the HO-6 policy is designed for an owner-occupant, this endorsement is necessary to extend protection for a unit being rented.

**LOSS OF RENTS** - can be purchased to protect the income lost due to an insured peril, causing the tenant to move out.

**LOSS ASSESSMENT COVERAGE** - Will indemnify a unit owner for an Association assessment levied for reimbursement due to a deficiency in the liability limits of the master hazard policy.

**MASTER POLICY DEDUCTIBLE ASSESSMENT** - Can be insured under your homeowner's policy if you are assessed by the Association for the master policy deductible.

**FLOOD INSURANCE** - A master flood policy for a condominium association insures the building and the units with replacement protection from flood damage. However, if coverage is desired for personal contents, flood protection is the unit owner's responsibility **if coverage is desired for personal contents, or upgrades.**