

Insurance Survey

From: CooperativesDC@aol.com

To: CooperativesDC@aol.com

Sent: Wednesday, January 11, 2012 9:51:34 AM

Subject: Co-op Coalition Survey: Property/liability insurance (Representatives)

One of the Coalition members is updating their members' manual and would like your help and input on the issue of personal property and liability insurance. What are your co-op's personal and liability insurance requirements (if any) for (1) owners and (2) renters? If you have actual policy language, all the better. Please reply to this e-mail with your responses and we will compile the results and share them with everyone, hopefully within the next 2 weeks. Thanks, again, for helping the District's cooperative housing community!

--Mike O'Dell, Director

DC Cooperative Housing Coalition

The request:

We are currently redrafting our member's manual to update our leasing guidelines and incorporate provisions requiring our members and leasees to maintain certain levels of personal property and liability insurance. [Any] resources or perhaps model language / rules addressing these issues...[and] assistance would be greatly appreciated.

# of Units	Policy
<50	House Rule: Although the Cooperative insures the entire building according to principles of sound management, the contents of individual apartments are not covered. A member is responsible for damage and the loss of property from fire or other calamities within an owned apartment and is advised to carry liability and other appropriate insurance. A Member is responsible for damage and loss of property caused to other apartments by the malfunction of plumbing, wiring, or other personal property within the responsibility of the Member. Disputes arising between Members and the Cooperative over responsibility for damage and the cost of resultant repairs to an apartment or Cooperative property shall be resolved by the Board of Directors, whose decision will be final except as otherwise provided by law.
<50	No policy
<50	No requirements
<50	Our members are required to carry a minimum of \$300,000 in personal liability coverage and a loss of use provision. This House Rule fleshes out a By-Law requiring owners to buy and maintain an HO-6 (or equivalent) homeowner's policy, issued by an insurer licensed to do business in DC, that provides coverage consistent with the minimum requirements promulgated by the Board of Directors. The Board may at any time require any member to present evidence that he/she has purchased such a policy and that it remains in force. Below are the relevant By-Law and supporting House Rule for our cooperative. These apply to owners. We have nothing comparable on renters – and, thanks to your email, it makes me think that this is something I should raise with the board. BY-LAW 71. Owners are required to buy and maintain in force an HO-6 (or equivalent) homeowner's policy, issued by

	<p>an insurer licensed to do business in the District of Columbia that provides coverage consistent with the minimum requirements promulgated by the Board of Directors. The Board may at any time require any member to present evidence that he/she has purchased such a policy and that it remains in force.</p> <p>HOUSE RULE 21. MINIMUM INSURANCE REQUIREMENTS. Homeowner's insurance required by By-Law 71 must include a minimum of \$300,000 in personal liability coverage and a loss of use provision.</p>
<50	We only have a requirement that says our shareholders have adequate unit/homeowners insurance. There is no distinction made for renters as the insurance responsibility would still be on the owner.
50-100	Our cooperative does not require its owners to have insurance on their apartments. It is not addressed in our bylaws. We do require rented apartments to be insured. The Rules and Regulations, Section VI (Rental and Co-occupancy), paragraph 6.d state "All applications must include a copy of the liability insurance in effect for that unit: this insurance must cover all damages caused by tenants."
50-100	Our cooperative requires members to submit annually a copy of the first page of their coverage document as proof of coverage, with no special requirements other than having coverage. However, over the next year, we are going to be working on suggested coverage elements.
50-100	Our cooperative does not have insurance requirements; owners are informed that they should have coverage. Renters are the responsibility of owners.
100-200	The Ontario includes the <u>attached paperwork</u> [see last page of this document] in our resale docs and gives it to renters so that they know. We also require that any vendor has at least \$500,000.00 in Liability coverage and I get a copy of the Certificate of Liability Insurance form with The Ontario listed as a Certificate Holder from the vendor agent prior to allowing them to work.
400+	<p>Our cooperative's liability insurance for the building has a \$25,000.00 deductible. We require that all residents, shareholders (owners) and renters must have liability insurance to cover the amount of the deductible. This means that they must have liability insurance of at least \$25,000.00. Language is below. Be sure to update your House Rules if the deductible amount changes.</p> <p style="text-align: center;">Insurance Requirement</p> <p>A. Each shareholder or resident shall obtain and maintain in effect at all times, individual insurance commonly known as a "Condominium and Cooperative Apartment Owner's Policy" (often referred to as an "HO 6" policy). The amount of coverage shall be not less than the amount of the deductible in the Master Insurance Policy maintained on the Cooperative by the Board of Directors. That amount as of <u>Insert Date</u> , is \$25,000.00.</p> <p>B. Shareholders and residents are required to provide to the General Manager's Office annual proof of insurance evidencing the amount required by A in this section and any other coverage required by the Board of Directors. No new shareholder will be allowed to occupy a unit unless proof of insurance is provided.</p>
400+	<p>Owners and other residents must obtain homeowners or renters insurance to cover any potential loss or damage to personal property and any loss of use of the owner/resident's unit. The Corporation is not responsible for either loss or damage to personal property or loss of use of the owner/resident's unit.</p> <p><u>Related:</u> if the failure of an owner or resident to cooperate with the Corporation when the Corporation is fulfilling its maintenance, repair and replacement responsibilities results in additional expense to the Corporation (including but not limited to extra charges imposed by contractors), the Corporation may charge such expenses to the owner or resident.</p>

	<p>Notwithstanding any other provision of these Rules, the Corporation may charge an owner or resident the cost of repairing all damages occasioned by the negligence of or any breach of these Rules by the resident, but only to the extent that said damages are not covered by the Corporation's master insurance policy. All applicants for garage spaces including temporary resident mall parking must provide adequate evidence of liability insurance in accordance with District of Columbia law and must furnish the Management Office with the name of the insurer and the policy number. Pet owners must maintain a comprehensive personal liability insurance policy in a minimum amount of \$25,000 to cover any loss or personal injury caused by a pet to any [cooperative] resident, guest, or employee.</p>
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What insurance do I need as a Cooperative owner?

Your Cooperative Association purchases insurance for the building, Cooperative-owned amenities, and public area liability. The Cooperative Association may also have purchased other insurance products such as a Fidelity Bond, Workers Compensation, Directors and Officers Errors and Omissions Liability, Commercial Umbrella Liability Policy etc.

The Cooperative Association's insurance program does not included coverage for:

- Personal property and household goods belonging to owners or residents
- Extra living expenses when residents are displaced by fire, water damage, or any cause.
- Personal liability of owners for bodily injury or property damage, including unit-to-unit water damage liability.
- Maintenance and repair, mechanical breakdown, wear and tear, gradual deterioration, repeated water leakage or seepage, mold, mildew, war, radiation, flood, and several other uninsurable events.
- The Cooperative Association's insurance may not cover all unit upgrades, options, improvements, and renovations.
- The Cooperative Association' insurance has a \$5,000 deductible. The deductible amount is subtracted from repair costs payments for every claim.
- The Board of Directors is the Insurance Trustee for all owners and lenders. The Board understands that the Cooperative's insurance program is for catastrophic events and that claims will raise insurance costs for all owners. The Board does not submit insignificant or nuisance claims. Owners should submit claims for minor unit losses and all personal property losses to their personal insurance agent.

Resident owners should purchase a **Unit Owner Policy** for their personal property, extra living expenses, and personal liability. Landlord owners need a **Rental Unit Owner Policy** for landlord liability, loss of rental income, and for their contents if they rent their unit furnished.

All owners need to buy their own insurance for minor interior unit damage that will not be paid by the Association's insurance or the Cooperative. Examples include repair costs that are below the Association's \$5,000 deductible and minor unit-to-unit water damage.

Renters need their own insurance for contents, extra living expenses, and personal liability.

A good source for matching insurance is often with the same Agent that insures the Cooperative's buildings and liability. Our Agent is Steve Rose, State Farm, office phone 301-424-9100.