

Co-op Coalition Survey: Owners Responsibility for Master Insurance Deductible

Thanks to the 18 members who responded to this survey. Following is the original question and the table of responses.

Mike O'Dell, Director
DC Cooperative Housing Coalition
www.CoopsDC.org
CooperativesDC@aol.com

In a message dated 2/18/2016 12:54:45 P.M. Eastern Standard Time, CooperativesDC@aol.com writes:

Dear Coalition Members,

Does your co-op require an owner to pay some (all?) of the co-op's master insurance deductible if damage outside the owner's unit was caused within the owner's unit? In a nutshell, that is today's e-mail survey and a question that has been asked by a few co-ops. The member's full question is below. Please reply with your answer by 5pm, Friday, March 4. Thanks for helping another co-op. I will compile the results and send them to members a few days later.

Thanks,

Mike O'Dell, Director
DC Cooperative Housing Coalition
www.CoopsDC.org

You are getting this blind-copied to protect your privacy.

Our cooperative is considering a change in our house rules to hold members responsible for up to \$5,000 of our master insurance deductible when damages to the common elements originate from a unit.

Does your cooperative association hold members responsible for the master building insurance deductible when damage to the common elements originates from a unit?

Have you considered holding individual members responsible for this?

< 50 units	We do not hold owners responsible for master insurance deductibles, and have not considered doing so.
< 50 units	We have not encountered this situation in our co-operative. It is a good issue to bring before the Board for a formal decision, however. If a shareholder is responsible for the cause of insured damage covered under the master policy, it seems reasonable to require some type of payment from the shareholder for the deductible.
< 50 units	We have various ByLaws and House Rules that apply. For instance, the By-Laws require owners to buy and maintain an HO-6, or equivalent, homeowner's policy that provides coverage consistent with the minimum requirements promulgated by the Board of Directors. A related House Rule specifies a minimum of \$300,000 in personal liability coverage and a loss of use provision. Another By-Law states that an owner is liable for damage

	caused to common property or the property of other owners in accordance with applicable law, provided that the Corporation may establish special rules for allocating limited costs of such property damage, up to a maximum of \$3,000 for any occurrence, through the adoption of House Rules. A related House Rule states that owners liable for any damage they or occupants of their apartments may cause directly or indirectly to other units or to common areas, in accordance with applicable law.
< 50 units	We have not invoked use of our Master Insurance in 5 years. We have requested an owner pay damage to harm to the common are or individual unit when an issue arose.
< 50 units	We have not had a situation like this. But our house rules do say that shareholders are responsible for any damage caused by themselves, their sublease tenants/house-sitters, guests, or contractors doing work in their unit- so if something from inside one of the units causes any damage to the building's common areas or overall structure, I'm pretty certain that we would hold the shareholder responsible to pay for the repair.
< 50 units	We hold them responsible for the deductible. The problem is if you have a large deductible (say \$10k). The DC Condo/Coop Act only allows you to recoup up to \$5k. Not a very helpful condo act if you ask me, but I would go ahead and charge them. Keep in mind they should also have an HO-6 policy that would cover the cost of the deductible. <i>[CHC NOTE: DC Condo Act does not apply to DC co-ops]</i>
< 50 units	To my knowledge, we have not had this issue come up at our co-op. In the future, any such situation would likely be reviewed and discussed, especially to determine if the member's intentions and actions were reasonable or not. In the past, however, our co-op has billed a member for damage to the common area caused by that member; and billed for maintenance costs (mainly elevator) due to careless behavior by a member.
< 50 units	No, although I like the idea.
< 50 units	Yes, we do. Our current deductible is \$2500 and we are considering increasing. Note, when recently we billed an owner, they got reimbursed from their personal homeowners policy.
50 – 99 units	Our co-op hasn't had this situation arise. Our House Rules are silent on this issue.
50 – 99 units	We are currently revising our House Rules and Regulations to make owners, whose actions are responsible for damages to the common elements, responsible for up to \$5,000 of our master insurance policy deductible. Before making this change, we researched the potential impact on members by having each Board member review their own homeowner policies with their providers to determine if this type of coverage (usually included in Loss Assessment) was in place. The results of this review were positive, and when we issue the new rules shortly, members will be advised to ensure that their homeowner policies cover the Association's master deductible.
100 – 199 units	If our shareholder was the cause of the damages then yes.
100 – 199 units	Yes. It is clearly stated that member is responsible for the deductible.
200+ units	We don't charge back any part of the deductible for common element damages to the member. We have not considered doing so.
200+ units	[Our co-op] has not encountered such a situation, at least during the time I have been here.
200+ units	No, we are a no fault policy. If there was clear negligence, perhaps we could attempt to recoup the deductible, otherwise coop pays.

200+ units	<p>Unfortunately no. While our governing documents do not currently allow us to do so, it would seem that if there is a claim which exceeds the \$10,000 deductible, the shareholder who created the problem should be responsible to pay that deductible for that claim. It is unreasonable for the remainder of the shareholders to absorb any of that deductible.</p>
200+ units	<p>Our insurance House Rule stipulates (deductible responsibility is stated at the very end):</p> <p>[The co-op's] master insurance policy covers damage to [the co-op's] buildings (common areas and units) caused by sudden casualties, regardless of who, if anyone, was at fault. However the [co-op's] master insurance policy has a \$10,000 deductible, so if the total cost of repair of damage resulting from a sudden casualty is less than \$10,000, [the co-op's] master insurance policy will not cover the repairs, nor will it cover the first \$10,000 of repairs if the total cost of repair is higher than \$10,000.</p> <p>Residents who are not owners must obtain renters insurance to cover the loss of personal property. Owners must obtain homeowners insurance to cover any potential loss or damage to their Unit as a result of the negligent or non-negligent events in other owners units, or such events in their own unit, that is not covered by [the co-op's] master insurance policy; to cover potential loss or damage to personal property of the owner, or loss of use of the owner/resident's unit caused by events that originate from the common areas of the property, the negligent or non-negligent events in other owners' units, or such events in their own unit; to cover the owners' liability for damage to neighboring units or Corporation property caused by the owner's negligence; and to cover damage to the personal property of, or the loss of use of a unit by, other owners/residents caused by the owner's negligence.</p> <p>If not covered by [the co-op's] master insurance policy, owners and residents are responsible for damage to their own unit caused by their own actions, whether or not the owner's actions are negligent. Owners and residents are also responsible for damage to a neighbor's unit or Corporation property not covered by [the co-op's] master insurance policy, as well as damage to the personal property of, or the loss of use of, a unit by neighboring owners/residents when caused by their own negligence or their failure to fulfill their responsibilities for maintenance, repair, and replacement under the House Rules.</p> <p>To the extent that a loss is covered under [the co-op's] master insurance policy, <i>if the cause of the damage or destruction to a unit or common area originates from a unit, the owner of the unit where the cause of the damage or destruction originated shall be responsible for the amount of [co-op's] property insurance deductible</i> [emphasis added] under the [co-op's] master insurance policy, which amount may be assessed against the owner's unit.</p>