

The logo for 'The Crossings at Canterbury Trails' features the word 'The' in a small, elegant script font, followed by 'Crossings' in a large, flowing cursive script. Below 'Crossings' is the word 'at' in a small, simple font, and 'Canterbury Trails' is written in a clean, sans-serif font.

January 18, 2018

RE: “What kind of insurance policy do I need for my unit?”

Dear Crossings at Canterbury Trails Condominium Unit Owner:

The topic of insurance responsibility is addressed in Article XI of Crossings at Canterbury Trails Condominium Declaration. Article XI, Section 1 requires the Association to carry property insurance on everything constructed or installed on the property, including not just the roofs and building exteriors, but also anything that is permanently installed in each unit. This type of property insurance is known in the insurance industry as “all-inclusive” insurance.

Property insurance pays for damages and repairs that are needed due to a sudden, unexpected event, such as a fire or wind storm, that insurance covers. Insurance is not available for things that break due to regular wear and tear. To be clear, *while the Association insures the permanently installed items in your unit, you are still responsible for the regular maintenance of your unit. Insurance responsibility is not the same as maintenance responsibility.*

Not later than February 5, you should have your own insurance to cover, at a minimum, the amount of the Association’s insurance deductible, which is **\$10,000 for all perils except \$25,000 for Water Damage and 1% for Wind/Hail** claims on its building/property insurance policy.

As you are aware from the 2019 budget, the cost of our insurance increased significantly for 2019, with a much higher deductible due to water intrusion claims during the past decade. Since many in the community are unaware of the claims, they are listed below for your review.

- January 2008 – the occupant of a unit was absent 1 week, and during that time, temperatures dropped below zero. Water was left on and the heat turned completely off. At the same time, the occupant of an adjacent unit was also gone for many days. A pipe burst in an upstairs bath, and water ran for several days, flooding both units and causing major damage to both units of about \$80,000.00.

After this damage, the community instituted an insulation program, instructing occupants of two-story units that additional insulation needs to be added behind the second-floor bathroom.

- Winter 2010 – the occupants did not use the upstairs and heat was not kept on in the bathroom, causing a pipe to burst behind shower, which caused damage to unit and adjacent unit of about \$15,000.00.
- Winter 2011 – the upstairs bathroom was not regularly used and not enough heat kept in the bathroom, a pipe burst, causing damage of about \$12,000.00.
- January 2014 – the occupants were home when a pipe behind upstairs shower burst, which was discovered within a few minutes, that caused damage of about \$2,000.00. Cause was traced to no insulation in common wall between two adjacent units and magnified by a defect found in the gable end of living room roof of one unit with a small hole that created a wind tunnel into the uninsulated portion, housing the pipes.
- Winter 2014 – 1 story building, pipes froze and burst at a cost of \$5,000.00.
- Winter 2014 - upstairs bathroom pipe froze and burst in closet off of bathroom that flooded kitchen and living room area below, causing damage over \$20,000.00.
- Winter 2014 - pipe burst in a one-story building. Occupant had moved out, leaving heat off and water on, causing damage of \$15,000.00.
- Winter 2016- upstairs bathroom pipe burst behind shower. Area rarely used and inadequate heat to that area. The burst pipe was noticed almost immediately, but there was damage to two units of about \$15,000.00.
- Winter 2018 - pipe burst in upstairs bathroom for a second time, causing damage of \$10,000.00.

After this, the community instituted another insulation program and added insulation in the whole 30-foot-long wall area of at-risk units.

- Summer 2018 – toilet filler pipe cracked and water ran for an undetermined length of time, causing damage to that unit and an adjacent unit of about \$50,000.00.

Several of these claims might have been limited to minimal damage if the heat was on and the water turned off.

According to the Declaration, the Association pays for the deductible if there is damage to the common elements, such as a roof. If, however, a fire or other event damages an individual unit, the Association is to charge the amount of the insurance deductible to the individual unit owner, or proportionately based on the total damage, to multiple unit owners and the Association if the damage is to more than one unit and/or the common elements. *Damages to a unit, including the drywall, that fall below the Association's deductible amount are your responsibility, not the Association's responsibility.*

**Every unit owner should have what is called a HO-6 condominium insurance policy.** This standard condominium unit policy can provide protection for your unit up to the Association's deductible, as well as insurance on your personal items, like electronics, clothing, and furniture, which the Association never insures.

Each unit owner must decide how much and what type of property insurance to buy by talking with their agent. Your insurance agent can also help you decide how much insurance you should buy to cover your expenses, including maintenance fees, if you ever have to move out of your unit because of a fire or other disaster, loss assessment insurance, and other possible insurance endorsements. Enclosed is information from the Association's insurance agent on additional types of coverage you may consider when discussing with your agent.

The above information is provided to assist in your insurance making decisions. As with any decision, we strongly recommend that you consult with your insurance agent before making any final decisions. We hope this information is helpful to you. Should you have any additional questions please contact your insurance agent.

Sincerely yours,

The Board of Directors  
Crossings at Canterbury Trails  
Condominium Association