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provider for
condominium
and association
insurance.

MARCH 2025 NEWSLETTER

INDUSTRY NEWS, TIPS, TRICKS, & RESOURCES

How Your HO6 Policy Works with the Association's Policy

Navigating the intricacies of condominium insurance can be an overwhelming task, yet understanding the relationship between your individual HO6 policy and the association's policy is crucial for safeguarding your investment. By comparing these two essential policies, you can uncover potential gaps in coverage and ensure comprehensive protection for your home. This knowledge not only protects your personal interests but also ensures the overall security and financial well-being of your community.

Each condominium unit requires an HO6 policy (also known as a unit owner policy). An HO6 policy is separate from the association's insurance and is crucial in protecting unit owners' property. It provides important coverage for items that the association's policy does not cover. A carefully chosen HO6 policy will work alongside the association's policy to help ensure proper coverage for your unit.

At a minimum, the association's policy typically covers common areas, the building structure, and shared amenities. However, you may be surprised to learn that in the event of a covered loss most association policies also insure the interior of the units, including any betterments and improvements made by the owners. This is known as All-Inclusive coverage. The unit owner is responsible for covering their unit interior and improvements if the total cost to repair the damage is less than the association's deductible. If the damage is caused by a covered peril and exceeds the association's deductible, the association is responsible for the remaining amount.

Some association policies only cover the unit interiors to their original specifications at the time the association was deeded from the developer (Original Specifications coverage), while some do not cover unit interiors at all (Bare Walls coverage).

The type of insurance that the association and unit owners are required to carry is determined by the association's governing documents.

In addition to protecting against property damage, the association's policy is designed to protect against liability claims and other risks affecting the community. However, the association's liability coverage does not extend to incidents that take place in the interior of your individual unit.

Your HO6 policy is crucial for protecting what is not covered by the association's policy. In addition to covering your unit interior at the proper amount depending on the governing documents, your HO6 is also what covers your personal property such as furniture, electronics, clothing, jewelry, and other personal belongings. Additionally, it can provide liability coverage for incidents that occur within your unit,

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Community Association Day Trade Show

An event for homeowners and managers.



03.21.25

8:00 AM - 3:30 PM

Embassy Suites Washington Square

A great educational
and networking
experience.

Register at CAIoregon.org
Don't miss it!

Prepare for Sprinkler Inspections



In the current insurance market, insurance carriers require more information and documentation from associations than before. For associations that have fire suppression sprinkler systems, one common and important item that most carriers expect is a sprinkler inspection report.

The recent Palisades and Eaton wildfires resulted in billions of dollars in total insurance payouts. These events are examples of why it is likely insurance carriers and reinsurers will continue to require associations to maintain sprinkler systems and schedule regular inspections. In addition to minimizing property damage from fire or winter freezing, a well-maintained sprinkler system is critical for life safety and can help protect the association from liability exposure.

Some of the most common items requested by insurers related to sprinkler systems are:

- A copy of the association's most recent sprinkler inspection report.
 - Must be dated within the last 12 months.
 - Must show no deficiencies or show that all deficiencies have been corrected.
- The sprinkler system type according to the National Fire Protection Association (NFPA).
 - Your association's sprinkler system may be NFPA 13, NFPA 13D, or NFPA 13R, for example. Each of these systems prioritize life safety and property protection to different degrees.
- Ensure the results from sprinkler inspections are always posted at the sprinkler riser.

Without these items, some carriers will not offer sprinkler system discounts which can result in hundreds or thousands of dollars in additional premiums. Some carriers will not offer terms without compliant sprinkler information and documentation.

It is important to have your association's sprinkler system maintained and inspected at least annually and ensure that proper documentation is readily available. In addition to protecting life and property, proper maintenance and inspections can also help your association retain access to affordable insurance.

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"Loss of Use" coverage for expenses you incur while displaced from your unit as the result of a claim, and "Loss Assessment" coverage for special assessments due to covered damage to common areas.

We strongly encourage all unit owners to review the association's insurance policy in conjunction with their individual HO6 policy. A knowledgeable insurance agent can make recommendations for a unit owner policy based on the association's policy requirements. Your insurance agent can also help clarify any questions or concerns you may have. By doing so, you will be better equipped to safeguard your property and contribute to a secure community environment.

If you have questions about an HO6 policy or an association's policy, feel free to contact our team today. 503.292.1580.

JOIN US



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ON SATURDAY, MAY 31ST, BRING YOUR SENSITIVE DOCUMENTS FOR SHREDDING AND LET US QUOTE YOUR INSURANCE.



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