SentryWest
INSURANCE SERVICES

Important notice regarding Insurance for:

GARDEN VILLA CONDOMINIUMS

Dear Homeowner,

The purpose of this document is to:

1. Inform you regarding Utah law affecting insurance coverage for GARDEN VILLA CONDOMINIUMS as well as you as an Owner.

2. **If a covered loss causes damage to your home, regardless of fault, you &/or your insurance company, are responsible for the first $25,000. Responsibility for the deductible is mandated by Utah law. See Item 1.3 below.**

3. Provide you with information that will assist you in securing personal insurance. Doing so can lessen the financial impact you will face for damage to your home [See Exhibit 1].

4. Address basic coverage and exclusion provisions common in most insurance contracts.

5. Address loss prevention practices.

6. Provide information to assist you in ordering evidence of insurance for personal or mortgage company use.

7. Provide instructions on claim procedures and protocol.

1. Utah Law 57-8-43 Condominium and 57-8a-405 Community Association Act.

1.1. Applies to Association and unit owner policies and supersedes anything to the contrary written in the CC&Rs (Covenants Conditions and Restrictions).

1.2. The Association's policy includes coverage for: "any fixtures, improvements, or betterments installed by a unit owner, or floor coverings, cabinets, heating and plumbing fixtures, paint, wall coverings, windows, and any item permanently attached to a unit."

1.3. When a covered cause of loss occurs the Association's policy of property insurance shall provide **primary coverage**, the **unit owner's insurance policy shall be primary for the portion of the loss equal to the deductible amount on the Association's policy.**

1.4. If two or more owners suffer a loss in a single event, they are each responsible for payment of a portion of the Association's deductible based on the percentage of loss they each suffered.

1.5. If an owner does not pay his/her share of the loss within 30 days after substantial completion, the Association may levy an assessment against the owner and place a lien on the unit.

1.6. If the unit owner has no insurance for a covered cause of loss, he/she is personally responsible for the loss to the amount of the Association's policy deductible.

2. **GARDEN VILLA CONDOMINIUMS has a property deductible of $25,000 for each occurrence. Payment for the first $25,000 of damage becomes your responsibility when a covered cause of loss affecting your unit occurs. Payment of the deductible can and should be insured by your insurance policy. Consult your insurance advisor regarding your coverage.**

3. **Personal Insurance:**
Homeowners should maintain personal insurance coverage. We recommend a comprehensive review of your insurance with your licensed insurance advisor. **Exhibit 1** of this document provides a checklist of items that should be reviewed at that time.

4. **Basic coverage and exclusion provisions in the Association's Master Insurance policy:**
4.1 The Association's policy includes "special form" property coverage for perils such as fire, lightning, windstorm, hail, explosion, riot, aircraft and vehicle damage, smoke, vandalism, falling objects, weight of ice and snow, collapse, sudden and accidental discharge of water or overflow from plumbing or appliances, and frozen pipes inside a unit.

4.2 Common **exclusions**: Many insurance companies will not cover water damage resulting from a frozen pipe if adequate heating is not maintained in the unit. Therefore it is imperative that heat is maintained or that pipes are drained when a unit is unoccupied for an extended period. If your home has fire protection provided by a residential sprinkler system the insurance policy can deny a claim if the sprinkler system is not active at the time a fire occurs. Notify the insurance company any time impairment occurs or for maintenance that lasts over 48 hours.

4.2.1 **No coverage is provided for: earthquake, earth movement,** landslide, wear and tear, deterioration, or **flood**, (flood is often defined as water penetrating the building envelope from an outside source). Damage by insects, animals, mold/fungus, removal of asbestos, settling or cracking of foundations, walls or pipes. There is no coverage for damage caused by continuous or repeated seepage or leakage of water occurring over a period, usually defined as 14 days. This includes appliances, plumbing and leaking around shower, bathtub, toilet, sink or windows. The insurance contract contains full details on coverage, limitations, and exclusions. Consult with your advisor regarding unique perils that may impact your property.

5. Loss Prevention:
To reduce the likelihood of damage to your home and possible damage to a neighbor's home the following are a few "loss prevention" measures that should be followed:

When your home will be **unoccupied** for more than a few days:

- Turn off the water to the inside of your home and drain the lines by opening faucets
- Turn off your water heater or turn it to the "vacation" setting
  Leave the heat on in the winter to avoid freezing or air-conditioning on in the summer to avoid melting, warping, etc.

Daily considerations:

- ✓ Washing machine water supply should be turned off after each use.
- ✓ Have clothes dryer vents checked and cleaned on an annual basis. Always remove lint from the filter after each use.
- ✓ Keep smoke alarms in good working condition.
- ✓ Make certain that downspouts are moving water away from the structure rather than toward it.
- ✓ Watch for sprinkler heads or water lines in the landscape area that are broken or not functioning properly. Repair or correction should immediately be brought to the attention of a board member or the community manager.
- ✓ Consult with a professional when unable to remedy unusual persistent odor, or when events occur that seem to suggest appliances or other home equipment are near the end of their lifespan.
- ✓ Have a trusted neighbor or family member periodically check your home while you are away. Surveying both the inside and the outside of the home for any problems.

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6. Information to assist you in ordering evidence of insurance:

6.1 Certificates of insurance may be requested by calling (801) 225-5000. Our receptionists handle all such requests, or you can email or send a fax: 801.277.3511 eoi@sentrywest.com.

7. Claim protocol:

7.1 **Claims** for a covered cause of loss, within the following amounts, should be handled as follows:

7.2. **$0 to $25,000 is the unit owner's sole responsibility.** Cost of cleanup and repair would be paid out of pocket or from personal insurance coverage. Claims under $25,000 will not be filed against the Association policy unless circumstance dictates otherwise.

7.3 Claims over $25,000 should be submitted to the Association's policy.

7.4 When a loss Occurs:

1. Take action to prevent further damage to your home. For example, it may be necessary to call an emergency restoration company to start water extraction if water damage has occurred inside your home. The next step contact:
2. Contact your own insurance company and report the damage to your home.
3. Contact a Board member or the Community Manager regarding the damage.
4. If individuals above are not available contact a member of our staff 801-225-5000. Please note that we will only submit claims to the insurance company after approval from the Board or the Community Manager has been received. Only in rare situations will we do otherwise.

A loss that involves your personal property, extra living expenses, personal liability, loss assessment, etc. should be submitted to your insurance carrier. Neither the Association nor the Association's insurer is responsible for these items. Likewise, damage to your home that is not covered by the association's insurance is your responsibility.

Payment for claims made on the Association's Insurance policy will be payable to the Association not to an individual homeowner.

Please note that the coverage and procedures outlined in this letter apply to your current insurance program, prepared by SentryWest Insurance. If the association changes agents we recommended that these procedures be reevaluated.

We recommend that you take time to review this information and audit your insurance coverage for compliance. We **strongly** suggest reviewing these documents with your insurance representative to facilitate securing the appropriate insurance coverage for your specific situation.

If you feel your current insurance coverage needs to be reviewed, you may contact our office and ask for a member of our personal insurance team to assist you.

When corresponding with us, please reference **GARDEN VILLA CONDOMINIUMS** as the community you live in.

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Exhibit 1. Insurance Checklist

	1.	**Policy type - HO-6. C**ommonly referred to as a condominium owner's policy. Not an "HO-3 homeowner" nor an "HO-4 renters" policy. A Landlord policy will be referenced differently. We recommend "Special Form" policies or its equivalent. Policies written on a "Named Peril" or "Broad Form" basis may cost less, but the coverage is also less. **This is an important topic to discuss with your insurance advisor.**
	2.	**Coverage A (Dwelling coverage) should NOT be less than $25,000.** Because an HO6 policy may contain coverage for things such as asbestos testing and removal, repair of pipes and other items that are generally excluded by a commercial property policy an amount over $25,000 should be considered. Consult with your insurance advisor.
	3.	**Personal Property** Coverage - Consult with your insurance advisor.
	4.	**Personal Liability** - Consult with your insurance advisor. You may want to inquire regarding umbrella liability coverage.
	5.	**Loss of Use Coverage & Additional Living Expenses** (If your unit is uninhabitable due to a covered loss).
	6.	**Loss of Rents – Is your unit a rental? If so, this coverage should be considered.**
	7.	**Loss Assessment & Earthquake Loss Assessment –** Be specific with each of these important coverages when reviewing with your insurance advisor.
	8.	Any other riders such as **Valuable Articles,** i.e., jewelry, art, collectibles, etc. Consult your insurance advisor.
	9.	**Sewer or drain backup coverage** – Recommended amount $25,000
	10.	**Other Endorsements** your insurance advisor may recommend.
	11.	**Earthquake** coverage for your dwelling & contents, earthquake loss assessment, etc. **EARTHQUAKE INSURANCE HAS NOT BEEN OBTAINED BY THE ASSOCIATION.** Consult your insurance advisor. CommunityQuake.com is a resource that we provide for those who may have difficulty securing EQ coverage on their home.
	12.	**Flood Insurance** to cover against outside water penetrating the building envelope. **FLOOD INSURANCE HAS NOT BEEN OBTAINED BY THE ASSOCIATION.** Ask your insurance advisor about "Inland Flood" coverage. Many companies offer this coverage as an option to the HO6 policy.
	13.	**Inventory** – When a loss occurs you are responsible for proving your loss. For example, if you have a television destroyed in a fire you will need to show documentation proving the kind and quality. You won't get a 60" inch big screen unless you have evidence the TV was 60'' not 26". The same applies to the types of finishes in your home. You won't be given granite if the home was originally built with laminate countertops and you have no proof of an upgrade. Consult with your personal insurance advisor for recommendations on handling this based on your personal situation.

We strongly advise the deductible amount on your policy to be low enough that you can comfortably pay this should a covered loss occur. Deductible amounts for an HO6 policy can be as low as $250 or as high as $10,000, the most common being $500 or $1,000. A higher deductible will slightly lower your insurance cost but increases your out-of-pocket expense when a claim occurs. Take time on an annually to review your Insurance with a trusted insurance advisor. He/she will be able to provide counsel concerning what insurance coverage and deductible amounts are right for you.

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