

## MAKENA SURF AOA INSURANCE CLAIMS POLICY

### Purpose

This policy clarifies operational policies, establishes action to be taken in the event of property damage in **your condominium**, and describes insurance considerations.

### Background

The Makena Surf Association contracts for several types of insurance coverage. Of particular importance is the policy used most of the time for claim(s) arising from damage to property. The deductible for this policy is **\$10,000 per occurrence**. Therefore your condominium HO6 insurance should include coverage for damages up the \$10,000 AOA deductible. Your Board of Directors recommends that you purchase Condominium Insurance (HO6) from an on-island agent as they are familiar with the laws regarding insurance coverage in Hawaii. Please find frequently asked questions about HO6 insurance at the end of this document.

Your Board is concerned over the increased frequency of water leak issues. The Board has adopted a water damage policy mandating owner and on-island agents' course of action after water damage and specifying conditions for possible insurance claims payments.

If you rent your unit, Hawaii law requires that you have an on-island agent to represent your unit in case of problems, and the Makena Surf AOA rules require that you notify the AOA office of the contact information for that agent. The AOA will make contact with that rental agent for rental units and directly with the owner for non-rental units.

### Water Claims Steps To Be Taken

1. **Stop the cause of the water intrusion**. Shut off the water at the main unit if necessary.
2. Call the General Manager immediately and advise of the situation. She will check for damage to units below and on each side of your unit and notify the agent or owner of the water intrusion.
3. Owner or Agent should call in a plumber/contractor to repair the source of the leak. The General Manager has a list of licensed plumbing contractors, many of whom have previously worked at Makena Surf.
4. The Owner or Agent should call in the appropriate remediation contractors, i.e. extractors to dry out carpet, ceilings etc.
5. The owners should call their HO6 insurance carrier and report the claim.
6. General Manager will prepare an incident report and file a claim with the AOA insurance carrier if necessary.

### Insurance Considerations.

Because the damage to personal property is **not** covered under the Association insurance, owners should include all personal items under their own personal property insurance policies with appropriate and affordable deductibles.

1. Water damage claims – **AOA MASTER** insurance policy will usually cover damage to apartment wall(s) and floor(s) (except for special replacements more costly than the original coverage, i.e. “upgrades”) **when the damage has exceeded the \$10,000 AOA deductible, but not furniture or other personal property**. **The owner’s HO6 insurance**

**will cover damages up to the AOA Master Policy deductible.**

If a water damage claim is “not covered” by the **CONDO MASTER** insurance policy, the Association has no responsibility for paying the claim unless the cause occurred in a common element.

- 2 Common Elements** – All areas and structures of the **CONDO** building not part of a unit are considered “common” and are covered by the Association insurance policies. “Vertical” drainpipes are common elements, which the Association is responsible to repair and maintain; “Feeder” drainpipes, water closets, showers/tubs, kitchen sinks, water supply pipes, hoses and connections within apartment are not common elements. **Maintenance of these items is the responsibility of the unit owner(s).**
- 3** Where a damage claim is attributable to the malfunction of personally owned fixtures appliances, or from abuse or negligence by the owner/resident, the apartment owner will be responsible for payment of the insurance deductible or actual costs if less. Damages caused in adjacent apartments will be charged against the apartment causing the damage.
- 4** Should an owner be dissatisfied with the results of their personal HO6 Insurance claim, please contact the General Manager of Makena Surf AOA – Ann Shipman.

### **Fire Claim**

1. Call 911. Give specific details, especially your unit number.
2. Sound the fire alarm.
3. Close your door and leave the unit – do not lock your door.
4. Instantly report to the General Manager.

### **Liability Claim**

1. If necessary call 911 to provide medical attention.
2. Report the incident to the General Manager.
3. Get the names and phone numbers of the injured person(s).
4. Get the names and phone numbers of any witnesses.
5. Call your homeowners carrier and report the claim.
6. General Manager will prepare an incident report for your file.

### **Frequently asked questions about HO6 insurance**

Q: What’s an HO-6 policy and what does it cover?

An HO-6 policy is tailored to cover the exposures faced by condominium unit owners. It can provide coverage for the original and upgraded structural components to the living area, personal possessions and additional living expenses if the condominium owner is the victim of a water leak, fire or other covered peril listed in the insurance policy that makes the unit uninhabitable. The policyholder also receives coverage for personal liability should they negligently cause bodily

injury to another person or property damage to items owned by other people, and for medical payments to other people who are injured while in the condominium unit.

Q: What's a master policy and what does it cover?

The master policy is provided by the condominium Board of Directors. It provides coverage for the common areas the condominium unit owner shares with others in the building like the roof, some pipes and entry lanais for both liability and physical damage. As dictated by Makena Surf Condominium documents, it may provide primary insurance coverage for the interior of the individual condominium units to their original built condition. If the master policy is the primary insurance policy, the condominium unit owner would only be responsible for alterations that increase the cost to repair or replace the original item of the condominium unit, such as new flooring or kitchen countertops. If the master policy provides primary coverage, the condominium unit owner's HO-6 policy would be excess over that and may include payment of any damages under the Master policy deductible.

Q: When damage by a peril covered by the master policy occurs to a condominium unit, who pays the master policy deductible?

It is the policy of Makena Surf Board to require the deductible amount to be paid by the unit owner(s) who caused the damage.

Q: What does "original conveyance" mean?

The most common type of master property insurance purchased by condominium associations in Hawaii is "single entity" coverage. This insures the general and limited common elements. This coverage also extends within individual units to fixtures, appliances, walls, floor coverings, and cabinetry, but only for like, kind, and quality to that conveyed by the developer to the original owner. This is what is meant by "original conveyance." Betterments and improvements that are not part of the "original conveyance" are considered the unit owner's property and are therefore typically covered by the condominium unit owner's HO-6 policy.

# Guidelines for Water Intrusion Events at Makena Surf AOA

