

Bernard's Landing Insurance Policies and Procedures

It is the intention of this document to clarify and set forth information regarding the responsibilities of the Bernard's Landing Comprehensive Property Owners Association (CPOA), the 9 CPOA Sub-associations, and individual unit owners for maintaining property and casualty insurance on the assets they each own individually or collectively, the payment of any Sub Association Master Policy insurance deductibles, and claims submission procedures.

The CPOA acts as managing agent to purchase a **MASTER POLICY** (or Policies) of Insurance as described in Section 6.1 of the CPOA Bylaws. Payment for the cost of Master Policy insurance for is divided among the various entities (Master Policy insurance related to Common Property assets owned by all BL unit owners and Master Policy insurance for individual Sub Associations), with Sub Association policy premiums based, in part, on the insurance underwriter's estimate of "as-built" replacement costs for the covered assets under each policy and on each Sub Association's individual and combined loss experience.

CPOA owns and pays for coverage related to the assets of the common property, including components of the Clubhouse, Pools, Fitness Pavilion, and Maintenance Shop.

S&R Corporation owns and pays for coverage on the Welcome Center and the Conference Center.

CPOA's Sub Associations each pay for coverage on their respective building(s) for the as-built replacement cost for components of a unit, which includes the original building "footprint" and its as-built content.

Individual unit owners are responsible for any replacement costs beyond the as-built coverage provided under the sub-association Master policy. Individual unit owners will be responsible for the entire deductible required by the Sub Association Master Policy (or a pro rata share if multiple units {or elements of a condominium building} are involved in a single occurrence resulting from an exterior cause, as provided below).

Individual unit owners are required by Section 6.5 of the CPOA by-laws to maintain a personal policy of insurance (HO-6) on their unit, their personal property, their personal liability, and any improvements made to their property under "**Improvements and Betterments**" (also known as "**Additions and Alterations**" or "**Building**") coverage, the latter in an amount over and above the as-built replacement cost of their unit and its as-built content.¹ Unit owners shall provide

¹ **Section 6.5. Separate Insurance:**

Each Unit Owner shall have the right and shall have the duty as set forth in the Declaration of Rights, Covenants, Restrictions, Conditions and Obligations of Bernard's Landing, at his own expense, to obtain insurance for his own Unit and for his own benefit and that of The Association and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his Unit under coverage normally called "improvements and betterments" coverage.

HO-6 policy coverage information annually to CPOA upon request. In Virginia, supplemental coverage for all individual units in a condominium association is generally provided through HO-6 insurance policy coverage. In addition, unit owners are strongly encouraged to include an additional \$10,000 of improvements and betterments coverage in order to recover their deductible liability under the Master Policy (less any HO-6 deductible amount). Unit owners are urged to obtain express written agreement from their HO-6 insurance carrier that this amount of the coverage is applicable to the Sub Association Master Policy deductible. Unit owners are required to submit all Master Policy deductible claims to their HO-6 insurance provider or pay all costs of Sub Association Master Policy deductibles for which they are responsible out of pocket.

It is also strongly suggested, but not mandatory, that unit owners obtain “**Loss Assessments**” **coverage** (and consider other supplemental coverages) as part of their HO-6 policy. When this coverage is in place, the HO-6 provider will reimburse the unit owner for any general loss assessment (less any HO-6 deductible amount) that is levied against all unit owners by CPOA or a Sub Association for a Master Policy loss.

It is also highly recommended that owners (especially ground floor owners in condominium buildings) obtain added or supplemental sewage backup coverage as part of their HO-6 policy. This is not normally included and you must request it from your insurance provider.

Who Pays What?

Occurrences "inside the paint" (Condominium Building)

Examples: All building damages originating inside the walls or above the floors of a unit, including but not limited to leaks or other conditions originating from water heaters, HVAC, plumbing fixtures, or appliances and damage from fire, smoke or other damage cause originating inside the unit

Primary: Sub Association Master Policy (restores to as built)

Secondary: Responsible unit owner HO-6 pays to restore unit's Improvements and Betterments

Responsible Unit owner's HO-6 pays Sub Association Master Policy deductible

Responsible Unit owner pays HO-6 deductible (unless reimbursed by their Sub Association)

Deductible: Unit owner(s) pays all deductibles, may be reimbursed per above

Occurrences "between paint and outside air" and from External Forces (Condominium Building)

Examples: Including but not limited to water/sewer lines inside wall malfunction, wind/water/ lightning and other acts of God, damage from wildlife, private automobiles, etc.

Primary: Sub-association Master Policy (restores to as built)

Secondary: Unit owner HO-6 pays to restore unit's Improvements and Betterments

Deductible: Unit owner(s) and Sub-Association pay Master Policy deductible in accordance with the pro rata share of the total cost to repair the damage to each such unit, common element, or limited common element (possible third party liability or Loss Assessment)

All Occurrences Originating in a Townhouse or Patio Home Unit or from External Forces (Non-condominium Building)

Examples: See all examples above

Primary: Sub-association Master Policy (restores to as built)

Secondary: Unit owner HO-6 pays to restore unit's Improvements and Betterments.
Responsible Unit owner's HO-6 pays Sub Association Master Policy deductible.
Responsible Unit owner pays HO-6 deductible (unless reimbursed by their Sub Association).

Deductible: Unit owner(s) pays all Master Policy deductibles

Occurrences "originating in other units"

Examples: Including but not limited to: water leaks, renovation, remodeling, fire originating in a unit (not caused by an external force)

Primary: Sub-association Master Policy (restores to as built)

Secondary: Originating unit owner HO-6 pays to restore own unit's Improvements and Betterments, personal property damage, and loss of use and any other damages to other units, common elements, or limited common elements if determined to be negligent by claims adjuster or the covered loss originated in their unit

Other unit owner HO-6 pays to restore own unit's Improvements and Betterments, personal property damage, and loss of use unless originating unit is determined by claims adjuster to be negligent

Deductible: Unit in which damage originated is responsible for deductible.

Occurrences "damage caused by CPOA common property"

Examples: Including but not limited to: Exterior water/sewer malfunctions intruding on building, tree roots on common property cause foundation damage to a Sub Association building or unit, etc.

Primary: CPOA Master Policy (restores to as-built)

Secondary: Unit owner HO-6 pays to restore unit's Improvements and Betterments

Deductible: CPOA (for CPOA responsibilities)

Claim Resolution Process:

1. CPOA Office submits Sub Association claim to Nationwide on behalf of Sub Association. Nationwide adjuster identifies cause of the loss, determines whether claim is covered loss, obtains and approves repair/rebuilding cost estimates, identifies responsibility for loss, and notifies CPOA of results.
2. Unit owner(s) submits claim to HO-6 carrier, as necessary, including deductible responsibility
3. HO-6 carrier determines whether loss is covered under policy, responsibility for personal property loss (based on negligence), who pays how much, and contacts unit owner
4. CPOA provides clerical assistance and guidance but will not negotiate on behalf of Sub Associations or unit owners

Handling claims where CPOA is responsible for deductible:

CPOA will pay deductibles for covered claims under the CPOA Master Policy up to \$1,000 out of the current operating budget. Deductibles over \$1,000 (up to CPOA Master Policy deductible of \$10,000) or covered losses in excess of policy limits will be assessed equally to all Bernard's Landing unit owners (loss assessments).

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