



West Fork Village O.A., Inc.
5775 W. 29th Street, Unit 1601
Greeley, CO 80634
970-378-7502
www.WestForkVillage.org

November 19, 2015

RE: HO-6 Insurance Policies & Loss Assessment Coverage

Dear West Fork Village Owner,

We are writing to you today in an effort to educate all owners at West Fork Village about the availability of a unique type of casualty insurance for townhome units, known as an HO-6 Insurance Policy, and a unique type of coverage, known as Loss Assessment Coverage. We are encouraging all unit owners to speak with their current insurer to discuss whether or not this type of policy and/or coverage might be right for you.

PLEASE NOTE, THE INFORMATION PRESENTED HERE IS FOR INFORMATIONAL PURPOSES ONLY. THERE IS NO REQUIREMENT THAT OWNERS OBTAIN AN HO-6 INSURANCE POLICY.

Why is this information important to WFV Unit Owners?

Recent catastrophic weather events in Colorado have led most casualty insurance providers, including the provider of the WFV Master Insurance Policy, to change their policies to require policy holders to pay a percentage of the total cost of a covered loss for Wind and Hail instead of a flat rate deductible. As such, the cost to repair damage caused by Wind and Hail under the Association's new Master Insurance Policy will be significantly higher than it was in years past.

Why did the Association select a percentage deductible rather than a flat rate deductible?

Unfortunately, the option for a flat rate deductible for Wind and Hail damage was no longer available through any insurer in Colorado without significantly increasing the annual premium well beyond that which the Association currently pays. Simply put, in order to afford the cost of a Master Insurance Policy that included a flat rate deductible for Wind and Hail damage, WFV Annual Dues would have needed to increase by at least 50-75% in 2016 with annual increases thereafter.

What is an HO-6 Insurance Policy?

A HO-6 policy is like a regular homeowner's policy, but for a condominium or townhouse unit, and as such it includes many "extras" not included in many traditional policies. Like traditional homeowner's policies, HO-6 insurance policies cover the interior of the unit and personal property inside—commonly known as "studs in" or "walls in" coverage.

What Does an HO-6 Insurance Policy Cover that Traditional Homeowner's Policies Might Not?

Depending on the individual policy, HO-6 Insurance Policies generally extend coverage to include the following benefits that might not be included in a traditional homeowner's policy:

- Coverage for damage to personal property
- Coverage that can "fill in the gaps" of an HOA master insurance policy and cover losses under master policy deductibles
- Loss Assessment coverage
- Personal liability coverage
- Interior walls and floor coverings coverage
- Coverage for improvements or upgrades (most master insurance policies only cover the original condition and value of the unit).
- Usually have small deductible and fairly inexpensive

Please contact your current insurer to find out what coverage you currently have, or do not have, under your current homeowner's policy.

What is Loss Assessment Coverage?

Loss Assessment Coverage covers the cost of an assessment levied by the Association in order to cover the cost of the deductible for a covered loss under the Association's Master Insurance Policy.

What is covered under the current WFV Master Insurance Policy?

The WFV Master Insurance Policy provides for the cost of repair or replacement of any covered loss relating to common elements, limited common elements and other items for which the West Fork Village O.A., Inc. is responsible for

maintaining. This generally includes most items from the “walls out” for each unit. We encourage you to review the West Fork Village O.A., Inc. *Declaration of Covenants, Conditions and Restrictions* (CC&R) if you have questions about the responsibility for the maintenance and repair of specific items.

What are the deductibles for the current WFV Master Insurance Policy?

The WFV Master Insurance Policy has the following deductibles:

- \$10,000.00 deductible for each loss other than Wind and Hail
- 2% percent of the replacement cost of each building damaged by Wind and Hail

Who is responsible for paying the deductible for a claim filed through the WFV Master Insurance Policy?

To the greatest extent possible, the cost of paying the deductible for a claim filed under the WFV Master Insurance Policy is paid from the West Fork Village O.A., Inc. General Operating Fund if funds are available to pay the deductible.

However, there are many instances where responsibility for the cost of paying a deductible will be passed on to an owner, group of owners, or all owners. Under the provisions of the CC&R, the Association reserves the right to:

- Assess individual unit owners to cover the cost of covered losses where the Association and/or the Master Insurance Policy provider determines that an owner acted negligently.
- Assess individual and/or groups of owners to cover the cost of covered losses that involve single or multiple units within the same building.
- Assess all unit owners to cover the cost of any deductible for any covered loss.

If an assessment were necessary in order to cover the cost of a deductible under the WFV Master Insurance Policy, what would that cost be?

Under the deductibles of the current Master Insurance Policy, the cost of each assessment per Unit Owner would be:

- **\$50 per Unit Owner** for each loss other than Wind and Hail
- **\$2360 per Unit Owner** for each loss as a result of Wind and Hail*

*This figure represents 2% of the cost to repair and replace items damaged during the hail storm that occurred in August 2013. The actual cost of a loss in the future may be more or less than this amount.

How can I protect myself from the costs of these potential assessments?

Most HO-6 Insurance Policies include coverage for Loss Assessments. Loss Assessment Coverage can also be added to most traditional homeowner’s policies. Loss Assessment Coverage could cover the cost of an assessment levied by the Association. This coverage is customarily provided by two policy provisions: Dwelling and Loss Assessment.

Can I add Loss Assessment Coverage to my current homeowner’s policy?

In most cases, it is possible to add Loss Assessment Coverage to an existing homeowner’s policy. Most major personal homeowner’s insurers provide this coverage, but yours may not. As such, we strongly encourage you to contact your current insurer and to discuss whether or not an HO-6 Insurance Policy and/or Loss Assessment Coverage is available and/or right for you.

Thank you for the opportunity to pass along this information. If you have additional questions or concerns, please contact your insurance provider.

Thank You,

Executive Board
West Fork Village O.A., Inc.

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