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Luma Unit Owners Recap of Insurance Needed for your Unit

Loss Control Suggestions/Examples of Claims you could be liable for as an owner of your condominium apartment, even those who rent their units:

1. For those with **washing machines** in their apartments, the hose could break, especially if you do not follow manufacturer's recommendation to **turn off the water between uses** and/or if you do not replace the hoses frequently, once per year, if not turned off. Consider replacing water supply hoses with the steel reinforced, heavy-duty ones.
2. **Toilets are easily plugged**, causing a backup of sewage in highrises. Paper towels, dental floss, hair, sanitary products, Q-tips, baby wipes, diapers, small toys, mop heads, etc. can cause a blockage.
3. **Kitchen and Bathroom Sinks** are also easily plugged, causing a backup. Hair, house plant dirt, onion skins, celery, coffee grounds, corn husks, artichokes, grease, fat, pasta, rice can clog drains.
4. **Bathtubs, shower stalls and toilets** should be regularly inspected and **re-caulked** and **new toilet ring** installed when needed.
5. Your **refrigerator lead-in water hoses should be replaced with copper** or heavy duty plastic as those supplied by the fridge manufacturer are not thick enough plastic to be durable. City codes require replacement of manufacturer supplied lines on installation of a refrigerator in a highrise condo complex as those with the fridge rarely comply.
6. You are liable for water or other damage to property of others that you cause so be sure you **have a plumber check your unit periodically**. You also would be charged/assessed the Association's \$25,000 deductible per Clause 5.1A(vi) for water leak or overflow from your unit.
7. If you are **going to be away** from your apartment for more than a few days, **arrange for a friend to look in periodically** and also if possible turn off the water to your apartment as a preventative measure.
8. If you hire a **cleaning person**, you are liable for their actions. You also are liable if they are injured while working for you under **Workers Compensation** statutes.
9. Someone could **fall** and hurt themselves in your apartment or your **dog** could bite someone or you could hit someone while **skiing, golfing**, etc.
10. You are liable for others' actions in or connected with your apartment. We therefore suggest adding a clause in your **lease requiring tenants to carry personal liability** insurance.
11. It is important that you include in your **contract with any contractors you hire** to do work in your apartment, that they are to name you as **additional insured on their liability coverage**, and also carry workers compensation insurance.

What Insurance Each Unit Owner Needs to Purchase

Condo Homeowners Policy covering (note per CC&Rs you are required to carry your own insurance):

- Unit Owners' Fixtures/Building Improvements (Dwelling section with some insurers) with limit equal to \$25,000 (the association's policy deductible for water damage claims). If you have upgraded any as-originally-constructed fixtures/building improvements, you need to insure the value added per section 8.1 of Luma's CC&Rs. The Association's policy covers all Association owned improvements and extends coverage to your own building improvements/fixtures, but only to the extent required per CC&Rs. Per Clause 8.1 of your CC&Rs, owners are to insure personal property and improvements made by an owner, as well as liability; and the Association is to insure units as originally constructed.

What Insurance Each Unit Owners Needs to Purchase - continued

- Consider whether insurer can add code upgrade protection to this fixtures coverage.
- Suggest adding \$25,000 Loss Assessment Coverage because you would be charged/assessed the Association's \$25,000 water claims deductible per Clause 5.1A(vi) for water leak or overflow from your unit.
- Personal Property - consider Fine Arts Floater, Jewelry or Furs schedules, etc.
- Additional Living Expense/Loss of Rents
- Personal Liability – note Personal Liability on homeowners policies also extends coverage to include Workers Compensation for domestic employees (but not contractors you hire). You are required per CC&Rs to obtain Personal Liability coverage for your unit.
- Add Personal Injury Endorsement on personal liability insurance for libel, slander, wrongful eviction or false arrest
- Consider also Personal Umbrella/Excess Liability Policy (limits are in increments of \$1,000,000 on umbrella policies) for higher/excess liability limits for your personal activities, condo apartment, other homes liability, autos and boats, if any, liability.
- Consider adding Earthquake peril. Note: Adding Earthquake does not cover breakage of items; only Fine Arts Floater with breakage endorsement can cover that, but as of January 1, 2016 the California Earthquake Authority is offering breakage coverage caused by earthquake on their policies.

With Allied, Farmers, Allstate, CSAA/AAA, USAA, Safeco and State Farm, et al you may purchase up to \$100,000 earthquake loss assessment via the California Earthquake Authority for any special assessment from Luma association to you for uninsured earthquake damage repairs. Luma carries no earthquake insurance, beyond earthquake sprinkler leakage. With the CEA, there is also up to \$100,000 limit available for building improvements, up to \$200,000 for personal property, each with 5% to 25% deductible, and also up to \$100,000 loss of use. Refer to their website for complete list of subscribing insurers, quote and details: www.earthquakeauthority.com. Most of these insurers do not provide broad water damage coverage.

Because Luma CC&Rs impose **beyond common law liability** holding owner liable per clause 5.1A(vi) for the association policy \$25,000 deductible for water leak or overflow from your unit, be sure your chosen condo homeowners policy insurer covers this. Allstate and Farmers forms do not cover beyond common law liability per CC&Rs but many other insurers do cover this.

Consider Ace/Chubb/Fireman's Fund, AIG Private Client Group, Pure, Safeco, Travelers or any other market who can grant on their broadest forms the same extra water coverage such as wind driven rain damage to interior, backup of sewers and drains, water seepage occurring over more than 14 days, etc. coverage as the Association's insurer, Affiliated. These markets, except Safeco, often offer only a low sublimit for loss of use caused by earthquake and for earthquake loss assessment. They do grant full limits for earthquake to match the limits you purchased for improvements/fixtures/code upgrade costs/contents.

Please call us if there are any questions but do purchase a Condominium Homeowners Policy and Personal Umbrella Liability policy as you have assets to protect since you are an owner at the fine Luma complex. You also need to insure your unit if you rent it to include fixtures, any personal property, loss assessment, loss of rents and personal liability coverage. Feel free to send this to your personal insurance agent/broker.

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