

What Coverage Should I Maintain Individually to Supplement the Association's Earthquake Coverage?



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Although many condominium associations now carry a Master earthquake policy, individual unit owners within those projects often remain confused about what coverages they should maintain individually to supplement the earthquake coverage being provided by the Association. Here is an explanation of the minimum coverages we'd suggest.

- **Earthquake Loss Assessment Coverage** - The normal loss assessment coverage under most individual owners policies specifically excludes a special assessment by the Board of Directors that may occur due to damage caused by earthquake. As a result, it's important that you contact your agent or broker and have this special coverage included as part of your earthquake policy. For example, if the deductible on the Master Policy is ten percent (10%) of the buildings value, it's likely that the Board of Directors would have no other alternative but to levy a special assessment against all of the unit owners in the building to cover that deductible.

This is true even though some units may not be affected by the earthquake. Those unit owners will still be called upon to pay for their proportionate share of earthquake damage elsewhere in the project.

NOTE: In order to determine approximately how much Earthquake Loss Assessment Coverage you'll need, you can estimate the approximate "worse case" special assessment by multiplying the total amount of building coverage maintained by the Association times the percentage deductible stated on the declarations page of the Association policy and dividing the outcome by the number of units in the project.

- **Earthquake coverage on Personal Property** - This portion of the individual unit owner's earthquake policy would protect the contents within your condominium unit, such as clothes and furniture against loss due to earthquake.
- **Earthquake "Loss of Use" Coverage** - This portion of the individual unit owner's earthquake policy would pay for necessary extra expenses (hotel, restaurants, etc.) while your condominium unit is uninhabitable because of damage from an insured peril.
- **Earthquake - Real Property Coverage** - This portion of the individual unit owner's earthquake policy would likely to compensate for those damaged structural elements of the individual unit not insured by the Master policy.

Questions? Please feel free to have your agent/broker give us a call. Timothy Cline Insurance Agency Inc. Toll Free: (800) 966-9566, Ext. 22