

Homeowner's Insurance

At our Master Board meeting on February 27, 2009, during Open Session, we had a special guest speaker- Perry Salvagne, the owner of the Hodge Insurance Agency. The Hodge Insurance Agency represents Sterling Woods II and has done so for approximately five years.

Perry was asked to attend to assist the community in understanding what kind of insurance coverage is needed by unit owners and what coverage they can count on through the association's master policy. The two most important factors are the Association's governing documents and Connecticut state statutes-the Common Ownership Interest Act.

Sterling Woods II is somewhat unique in that the governing documents require that the association's master policy cover not only the buildings but also any interior improvements made by individual owners. In most associations, owners must insure their own interior improvements. It is possible that residents have over insured themselves as they and their agent may not be aware of this governing document anomaly. Connecticut State Statute further dictates that the association's master policy serves all members of the association equally and, with regard to building coverage, it is considered the primary insurance for all unit owners.

It is clear that all Owners should have their own liability and personal contents policy. However, they are not required to cover the building, their unit or improvements to their unit. Owners may want to consider some minimal coverage or take what comes as part of a basic unit owner policy (often referred to as an HO6). If there is an incident that is covered by the master policy, but is considered unit owner responsibility, then the owner would be faced with paying the master policy deductible. If the owner in turn has their own coverage, the association deductible would be paid for minus their own policy deductible.