

# **ASSOCIATION OF APARTMENT OWNERS OF PUNAHOU ROYALE**

## **BOARD POLICIES**

### **REGARDING PROPERTY DAMAGE AND INSURANCE CLAIMS**

#### **Purpose:**

This policy clarifies operational policies, establishes action to be taken in the event of property damage and describes insurance claim considerations for unit owners.

#### **Background:**

The Association contracts for several types of insurance coverage. Of particular importance is the policy commonly used for claims arising from damage to property. The deductible for this policy is \$5,000 per occurrence. To protect the Association from questionable or unwarranted deductible expenses, the Board has adopted this policy mandating action after water damage and specifying conditions for possible insurance claims payments.

#### **Water Claims:**

1. If at all possible, stop the cause of the leak. Shut off the water.
2. Call the Site Manager immediately and describe the situation. He/she will check for damage to units adjacent to your unit.
3. With advice from the Site Manager, employ a plumber to repair the pipe or appliance that leaked. To assist residents/owners, the Site Manager has a list of licensed plumbers/contractors, many of whom have previously worked in the building. These vendors have agreed to provide a report of the actions taken and necessary details to determine the cause of the problem.
4. If necessary, call in the appropriate people to remediate the damage (e.g. extractors to dry out carpet, etc.).
5. Call your homeowners insurance agent and report the claim.
6. The Site Manager will send an incident report to the Account Executive.
7. Residents/owners of adjacent units who have suffered damage from water leaks must contact the Site Manager immediately so he/she can evaluate the damage and file a report with the Account Executive.

8. If damage to any unit develops further following the initial event, the residents/owners must notify the Site Manager of the changing circumstances.

**Insurance Considerations:**

1. Because damage to unit modifications and personal property are not covered under the Association insurance, owners should include all modifications and personal items under their own personal property insurance policies with appropriate and affordable deductibles.
2. The Association insurance policy will usually cover damage to apartment walls and floors (except for special replacements, modifications or upgrades more costly than the original construction) but not furniture or other personal property. If a water damage claim is not covered by the Association insurance policy, the Association has no responsibility for paying the claim.
3. All areas and structures of the building which are not part of a unit are considered “common” and are covered by the Association insurance policies. “Vertical” drainpipes are common elements, which the Association is responsible to repair and maintain; “Feeder” drainpipes, water closets, showers/tubs, kitchen sinks, water supply pipes, hoses and connections within apartment are not common elements. Maintenance of these items is the responsibility of the unit owners.
4. Where a damage claim is attributable to the malfunction of personally owned fixtures or appliances, or from abuse or negligence by the resident, the unit owner will be responsible for payment of the insurance deductible or actual costs if less.