

*The following information is provided by
John Manougian Insurance Agency (the Association's Master Policy insurance broker).*

**INSURANCE INFORMATION FOR OWNERS AND RENTERS OF
Queen's Landing Council of Unit Owners, Inc. (2013)**

Condominium Insurance Coverage

Queen's Landing carries a number of insurance policies as required by the Condominium's basic documents. Included among these policies are the Property, General Liability, Umbrella Liability, Directors and Officers Liability, Employee Dishonesty/Crime, Equipment Breakdown, Workers Compensation, and for those buildings situated in a FEMA-designated flood plain (buildings 6, 10, 11, 15, 23, 24, 25, 32, 34, 36, 46, 47), flood policies; flood coverage is also written for the clubhouse.

The Property section of the Master Policy covers all real property belonging to the Association (buildings, fences, etc.). Coverage is written on Replacement Cost Basis, which means that the policy will replace with like kind and quality and without depreciation all covered losses up to the blanket limit of the policy. All covered property losses are subject to a \$25,000 deductible (flood policy losses are subject to a \$5,000 deductible and wind losses are subject to a deductible equal to 2% of the replacement value of each building). The Property section also covers the interior of each unit as it was *originally* deeded by the developer, but not including improvements and betterments made by any owner after initial delivery. In other words, whatever was originally conveyed to a unit – original-grade floor coverings, cabinets, counters, appliances, and fixtures – is covered by the Master Policy. Whatever owners (previous, current or subsequent) add or alter are the owners' responsibility to insure. *The Master Policy will not cover additions, alterations, betterments or improvements.*

The Property section of the Master Policy is written on an "all risk" from losses of a direct nature, i.e., only exclusions are listed. Common exclusions are wear and tear, water seepage, and maintenance issues. For a complete list of exclusions, please refer to the Master Policy.

The General Liability Policy provides liability coverage for bodily injury and/or property damage when the Association is negligent. Coverage extends to all areas of the Association except to the interior of the individual units. Unit owners should secure their own coverage to protect themselves from liability claims within their own units. The property manager is an additional insured under this policy form.

Crime/Employee Dishonesty coverage protects the Association's funds from theft by the Board, any employees or volunteers that the Association may hire, and the property management firm.

Directors and Officers coverage protects the Board of Directors from covered claims involving "Wrongful Acts" (liability protection for individuals on the board who are sued in their capacity as board members). The policy also includes the property manager as an additional insured.

The Association carries a \$10,000,000 Umbrella Liability policy that extends coverage to the General Liability policy, Directors and Officers Liability, and Workers Compensation policies, thereby affording an additional limit of coverage to these coverage forms. There is no deductible associated with the Umbrella policy, which allows for first-dollar defense coverage should any of the underlying policies be exhausted by claim(s) and the need for Umbrella coverage be triggered.

Owners or Renters Insurance Coverage

Individual residents (whether owners or renters) should have their own unit owner or tenant policy to coordinate with the Master Policy and to protect their own property and liability. Our Agency does not provide these policies, but they can usually be secured from the carrier underwriting an individual's automobile liability policy (Erie, State Farm, Nationwide, Geico, and USAA are also carriers to contact; USAA is available only to military/former military and their dependents). The amount of insurance on a resident's personal property should be adequate to replace the contents of the unit. Thus, the policy should be written on a full-replacement basis so that in the event of a loss, the item(s) would be replaced at current values rather than the original cost less depreciation.

We strongly suggest taking inventory of what you have in your unit and going through the painstaking process of itemizing everything room by room. Determine the cost to replace your belongings and provide your insurance agent with the total value. In subsequent years an inflation guard is built into the policy.

Personal liability limits start at \$100,000, but may be increased. Liability protection covers injuries or property damage sustained inside the unit by people other than the unit owner.

Important features of the standard unit owner policy are the provisions for (1) Additions and Alterations; (2) Loss Assessment; and (3) Additional Living Expense. Additions and Alterations and Loss Assessment are included in the basic policy at a limit of \$1,000. This limit can be increased for a small additional premium. The limit for Additional Living Expense is 50 percent of the limit for personal property. Thus, if personal property is insured for a limit of \$30,000, the Additional Living Expense limit would be \$15,000. The Additions and Alterations (also called Betterments and Improvements) provision covers the value of any improvements a unit owner (either the current or any previous owner) makes within the unit. These improvements could include such items as wallpaper, built-ins, and upgraded appliances and/or carpeting/flooring.

Loss Assessment coverage is for instances when the condominium association suffers a large property loss or liability judgment and the association's policies do not entirely cover the loss. In such a situation, owners may be assessed a percentage of the repair bill. Loss Assessment coverage would pay the individual owner's assessment up to the written limit.

VERY IMPORTANT: Maryland law (as of June 2009) automatically allows for the a shift of the Master Policy deductible, up to \$5,000, to a unit owner if a loss occurs within a unit. Please make certain to advise your HO-6 carrier of your responsibility. We recommend carrying at least \$5,000 of loss assessment coverage to fund this responsibility. (Losses that result from a

common element or from outside the unit remain subject to a deductible to be shared by the Association.)

Additional Living Expense coverage reimburses the unit owner for expenses incurred while living outside of a damaged unit during repair. Hotel costs, meals, and other forms of additional expenses are covered by this policy feature. **The Master Policy WILL NOT pay for a displaced owner/renter to live elsewhere during a unit's repair.** It also is possible for a unit owner to make recovery for losses not covered by the Master Policy under the HO-6/unit owner policy. The unit owner can secure, under the HO-6, coverage for claims that impact the building as well as personal property. Thus, losses not covered by the Master contract can be recovered under the unit owner building form. Deductibles under an HO-6 policy start at \$250.

All owner or tenant policies have specific limitations on certain valuable items such as jewelry, furs, and silver. Such valuables should be scheduled on the policy at their appraised value. They would then be covered on an all-risk basis for replacement at the scheduled value.

Non-resident owners who lease their units should be aware of their special insurance needs. These include not only personal liability coverage and deductible responsibility, but also coverage for any alterations or additions they may have made to the unit, as well as loss of rental income coverage. Owners can obtain these coverages either by an endorsement to their homeowner policy or by a separate fire policy.

We ask that non-resident owners make certain (perhaps by making it a condition of the lease) that renters be required to carry a tenant or renters policy; this policy includes coverage for the tenant's personal property and personal liability. While the Maryland Condominium Act includes a waiver of subrogation against owners, renters who cause damage can severely impact the loss history of an Association, but if they carry renters' insurance it is possible for us to recoup all or a portion of a loss a renter causes via the renters' policy. To benefit the renter, personal property coverage on the renters' policy should be written on a full-replacement basis.

All owners should understand that if they are displaced for any period of time in the event of a loss (catastrophic or otherwise), that you are required to continue to pay your mortgage AND your condominium fee. Master Policy and/or homeowners insurance will not make these payments for you.

Proof of Insurance Coverage

If your mortgage company notifies you that they need proof of insurance, please fax a copy of the letter to 301-588-5177, or you may order a certificate from our website, www.manougianinsurance.com (select the Request a Certificate of Insurance option).

Should you have any questions about the Association's coverage, or about your own coverage in relation to the Association's policies, you may call Robin Manougian at the John Manougian Agency at (301) 588-6585, ext. 102.