

## Open Letter Regarding Insurance Coverage:

Dear South Willow Creek Residents,

It is essential for South Willow Creek residents to understand how the HOA's commercial insurance policy correlates with the Homeowner's Insurance Policy (HO6) to work together for the best protection of the Homeowner.

In Utah, the State Legislature enacted 57-8-43 and 47-8a-405 into law to simplify insurance claims for Condominium Associations and the Owners. The results have been a much faster way to process claims when a covered peril occurs.

The HOA has a master insurance policy that covers any damage to a single unit or multiple units over \$25,000. Unit owners should carry insurance to cover the first \$25,000. Any damage repair beyond the amount of \$25,000 would be paid by the HOA's insurance company.

The Homeowners policy is called an HO6 policy and should be for at least \$25,000 (we recommend you get additional coverage for your belongings/furniture since the HO6 policies will cover more than the HOA's commercial policy). As you contact your insurance company, they can answer further questions and make recommendations to you.

### **Recommended Additional Insurance Coverage (Scenarios)**

1. The unit next to you has a flood (dishwasher or water heater is leaking for example) or the toilet clogged up the sewer line. Water or sewage has backed up/seeped into your unit. You will have to repair the damage to your unit regardless of fault. **Most insurance companies call this Water/Sewer Backup Coverage.**
2. Large tree roots near the front of your unit have cracked the water line supplying your unit. Your unit floods if you flush the toilet or use any appliance connected to water. **The HOA covers the repair to the line outside of your unit, but you are responsible for any water damage to the inside. Water/Sewer Backup Coverage would apply here as well.**

The HOA insurance policy does not include earthquake or flood coverage. Homeowners wishing to have that coverage need to do so through their insurance policy.

Please feel free to contact [rachel@welchrandall.com](mailto:rachel@welchrandall.com) with questions or reach out to your insurance agent. We want each resident to understand how insurance works in the South Willow Creek HOA.

-South Willow Creek Board of Directors and Welch Randall PM