

## **MUTUAL OPERATIONS**

### **PHYSICAL PROPERTY**

#### **Personal Property Insurance (RECOMMENDATION) - Mutual One Only**

The Mutual's Master Policy covers the Mutual's buildings and common areas, but it does **not** cover a resident shareholder's personal property, including any non-structural upgrades such as a dishwasher and other interior improvements in the co-op, or personal liability in the event a resident shareholder becomes legally liable for causing bodily injury and/or property damage to another person. The Mutual's Master Policy does **not** cover earthquake damage either.

Resident shareholders face similar insurance risks as homeowners, but the insurance needs are different. Insurance companies don't offer insurance policies designed for co-ops, so the best fit for a co-op is an HO-6 condo policy that provides the coverage a resident shareholder needs to insure personal property, personal liability, and the interior items that are their responsibility.

Resident shareholders are responsible for any non-standard non-structural items in the unit. If the co-op has been expanded structurally, the expansion is part of the Mutual's buildings and would be rebuilt in case of a covered peril, but resident shareholders would be responsible for any non-standard items within the expansion or original space such as upgraded doors, bay windows, triple-pane windows, flooring, window treatments, counter tops, appliances, etc.

An HO-6 condo policy will cover personal property (furniture, clothing, electronics, medical equipment such as walkers and electric wheelchairs) and upgrades, alterations and/or interior improvements (anything non-standard) for the shareholder. It's important that the insurance agent is advised if the unit contains additions and alterations such as wood flooring, specialized countertops, air conditioning, or other upgrades or improvements so they can be insured and replaced in the event of a covered loss.

If a co-op becomes uninhabitable due to a covered loss, such as a fire or water damage, insurance can cover the additional living costs for resident shareholders to live elsewhere until the co-op is habitable again.

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Personal Liability protection is standard on all HO-6 policies. This will protect resident shareholders against lawsuit awards and insure any defense costs if someone who is injured inside or outside of the co-op (shopping, traveling, golf cart accident, animal bites) sues.

Many of the more expensive items that a resident shareholder may own can have limited coverage under a standard condo-owner policy. Some insurance companies offer "Personal Article Floater" insurance to cover scheduled jewelry, furs, cameras, golf equipment, fine arts, collections, and computer equipment

It is recommended that resident shareholders make and keep an inventory of all personal belongings. Many insurance companies offer a "household inventory" form that will enable resident shareholders to list your items with the purchase dates and original costs. It is also recommended that pictures be taken of each room including closets, open drawers, and carport storage cabinets. Keep the pictures and receipts for major items in a fireproof place or offsite location.

The best advice is to consult with a professional insurance agent that is knowledgeable about the co-op to ensure that resident shareholders are sufficiently prepared in case of a disaster.

**MUTUAL ADOPTION**

ONE: 27 Jan 11

(Jan 11)