

## MUTUAL OPERATIONS

### PHYSICAL PROPERTY

#### Personal Property Insurance - Mutual Seven

Mutual Seven shareholders/members, whether residing in their unit or not, shall carry personal property insurance to cover the personal contents of their apartment, damage to their apartment for which they are responsible, and damage to adjacent apartments for which they are responsible.

The Mutual's Master Policy covers the Mutual's common areas and buildings (as well as the permitted expanded structural portions of your unit), but it does **NOT** cover:

- a. A shareholder/member personal belongings;
- b. Non-standard property inside the walls of the unit, including any non-structural upgrades, alterations, and/or interior improvements of the unit;
- c. A shareholder/member personal liability in the event they become legally liable for causing bodily injury and/or property damage to another person;
- d. Damage from an earthquake;
- e. Damage to personal property stored or parked on the street or in the carport, such as vehicles and other property stored in or under the storage cabinets.

The best type of policy for insuring the items that the Mutual's insurance does not cover (see items 'a' through 'e' above) is an HO-6 condo policy. A condo policy also has a provision for insuring a structure (or dwelling), but the coverage can be minimal on the shareholder's part because the Mutual's insurance covers the buildings and permitted expansion. The shareholder's insurance policy should have coverage for the following:

1. Property Coverage – Personal and Non-Structural

**All personal belongings, furniture and household goods should be insured. Also,** the non-standard, non-structural upgrades or improvements within the unit such as upgraded doors, bay windows, triple-pane windows, flooring, window treatments, countertops, appliances, air conditioning, etc. need to be insured by the shareholder. Mutual Seven insurance only covers standard items.

- a. A shareholder/member should notify their insurance agent of any non-standard, non-structural upgrades or improvements within a unit so that these items are properly insured.

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To ensure that shareholders are compensated for their belongings that are damaged by a covered loss, take inventory of all personal belongings. Many insurance companies offer a "household inventory" form that will enable resident shareholders to list items with the purchase dates and original costs. It is 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.

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.

#### 2. Additional Living Expenses

A condo policy also covers Additional Living Expenses (ALE) in the event that a unit becomes uninhabitable due to a covered loss such as fire. Obtain coverage for additional living expenses for no less than twelve months, should the shareholder be unable to occupy the unit for any period of time while repairs are being made to the apartment.

#### 3. Personal Liability

Personal Liability protection is standard on a condo policy (\$100,000 in coverage is considered standard by most insurance companies). Personal liability insurance will protect against lawsuit awards and insure any defense costs if someone injures themselves inside or outside of the co-op and sues. The Mutual requires personal liability coverage of \$200,000 minimum unless the resident shareholder is a pet owner; in that case, the required amount of liability insurance is \$300,000.

Per the Occupancy Agreement the shareholder is responsible for any repairs or maintenance necessitated by the shareholder's own negligence or misuse. The shareholder is responsible for payment of the Mutual's insurance DEDUCTIBLE when damage occurs through no fault of the Mutual Corporation but by the shareholder's negligence or misuse.

A HO-6 condo policy should provide the coverage a shareholder/member needs to insure payment of the Mutual's deductible, and other personal liability, and to complete

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repairs to the items that are the shareholder's responsibility. Some insurance policies do not cover this and you may need additional liability insurance or "Amendment of Assessment" insurance, or other type of additional insurance to cover the Mutual deductible of \$50,000 if you are liable for the loss.

The best advice is to consult with a professional insurance agent that is knowledgeable about the dwelling unit and the shareholder's needs so that the shareholder will have sufficient personal and liability insurance coverage when a disaster or personal liability issue arises. Also, remember to ask about replacement cost insurance coverage.

**MUTUAL ADOPTION**

SEVEN: 11-19-10

**AMENDMENTS**

06-15-16