

**BAY HOUSE CONDOMINIUMS;**  
**BAY HOUSE COUNCIL OF CO-OWNERS, INC.**

**2021 Unit Owner Information**

The Bay House Condominium Declaration require the Association to purchases several types of insurance policies to cover certain types of claims that could occur. This document gives a brief description of some with the hope it will help you choose the proper insurance coverage to protect your interest.

**Property Policies**

The Bay House’s Condominium Declaration requires that the Association purchase property policies that insure:

- ❖ **Common elements** which are the part of the buildings **owned in common with all unit owners**. Common elements are normally the unfinished exterior walls, ceilings and floors of each unit.
- ❖ **The apartments/ units to the quality of construction when built**. The apartments/ units are the parts of the building **owned by each owner** and include such things as partition walls, built-in cabinets, fixtures, walls, ceiling and floor coverings.
- ❖ The policies **do not insure improvements or additions made by any owner** beyond the original quality of construction.

The types of property policies purchased by the Association are (1) a Property Policy, (2) a Windstorm (Hurricane) policy, and (3) Flood policies (rising water). Each building has a specific amount of insurance but the total property limits, deductibles and types of deductibles are as follows:

Policies	Total of All Building Limits	Deductible	Type Deductible
Property	\$24,458,779	\$25,000	Per Occurrence
Windstorm & Hail	\$24,458,779	\$10,000	Per Occurrence
Floods	\$30,200,000	\$1,250	Each Building and Each Contents

**Perils Insured**

The property policies are broad. Some of the more important perils that are insured include, but are not limited to, those mentioned in the table below. The Windstorm policy only covers water damage if a hole is forced in the building by the wind and water enters through the hole. Simple leakage caused by a hard rain is not covered by any of the property policies. The leakage is referred to as “wind driven rain”.

Perils Insured

Fire	Flood	Smoke	Vandalism
Lightning	Explosion	Collapse	Vehicle Damage
Windstorm	Plumbing Leak	Riot	Hail

### **Unitowners Responsibility For Property**

Since the Association's policies will insure the (1) common elements and (2) apartments/ units to the original construction quality **the unit owners must be responsible for:**

- ❖ **improvements and additions made by any owner** beyond the original quality of construction when built
- ❖ And any **personal property** on the premises.

The property mentioned above is normally insured by purchasing:

- ❖ **Condominium Owners policy.**
- ❖ **Windstorm policy** if windstorm is excluded from the Condominium Owners policy.
- ❖ And a **Flood policy** to cover rising water, storm surge and action of the waves.

### **Loss Assessment Endorsement**

Some of these Owner's assessments can be insured in a Condominium Owners policy by using a Condominium Loss Assessment Coverage Endorsement. It will cover assessments caused by (1) direct loss to common elements caused by a peril insured by the Condominium Owners Policy, (2) a liability claim that would be covered under the liability sections of the Condominium Owners Policy or (3) a deductible in the Association policies. **Since the endorsement will only cover assessments resulting from a peril insured by the Condominium Owners policy, if the windstorm peril is excluded and is insured in TWIA no loss assessment coverage is available.**

### **Loss of Rental Income**

Some insurance companies will offer loss of rental income within their Condominium Owners policies. If, however, they exclude the windstorm peril from the policy and TWIA insures it loss of rental income is not available.

### **Liability Coverage**

The Association purchases liability coverage to protect against lawsuits from people claiming they were injured on the premise and that their injuries were caused by negligence of the Association or a unit owner. The total limit of liability currently is \$26,000,000. The policies cover the Association for claims that arise from occurrences that happen anywhere on premises. The unit owner is also covered by the policy but not if the claim arises from occurrences that happen inside the owner's unit. Therefore, the **owner should purchase liability insurance for incidences that happen inside the unit.** This coverage can be included in a Condominium Owners policy.

### **Water Damage**

Plumbing leaks in a condominium is a fairly frequent occurrence. It is believed by some that the owner in whose unit the leak occurs should be responsible for damage to other's property. In fact, the insurance company for the owner in whose unit the leak occurs will not pay for the damage down below unless the owner is clearly negligent. Most of the time, the owner is not negligent. So, most of the time there is no insurance money to pay for the damage. The Association's Property policy will pay for damage to the building except for improvements and additions made by owners. Therefore, each owner should assume that water damage is a risk of living in a condominium and take steps to insure their personal property and improvements and additions to the building.

# Borden Insurance



This discussion of policy coverage is meant to be a brief summary and not a full discussion of policy terms and conditions. Specific questions would, of course, have to be answered by consulting the policies or by contacting your agent, Mike Morgan (361. 693.1776) or email [mmorgan@bordenins.com](mailto:mmorgan@bordenins.com) and/or the account manager Chris Nesloney (361.693.1740) or email [cnesloney@bordenins.com](mailto:cnesloney@bordenins.com).