

Condominium Insurance Update

As you may be aware, the Trustees are required in our bylaws to maintain a reasonable level of insurance coverage on our complex as protection against losses and liability. Recently, our previous carrier chose not to renew us unless we performed an immediate electrical upgrade that would cost upwards of \$40,000. After careful consideration, including obtaining multiple quotes from electricians, new insurers, and a certification from the Town of Brookline that our service is adequate, the Trustees have chosen to place our insurance coverage with a new carrier. While in the future we believe that the electrical upgrade may be wise (transition from fuses to circuit breakers throughout the complex) we feel that a “rush job” to satisfy one insurer would not be in the best interests of the Association. Furthermore, this situation has enabled us to look closely at the coverages we were and will be carrying to ensure that they are adequate for the current needs of our Association.

It is important for unit owners to be aware of certain factors in our coverage. In the aftermath of September 11th, insurance costs have skyrocketed. We have been fortunate to obtain new insurance at very comparable rates to last year’s rates; in fact, we have significantly updated our master coverage to more accurately reflect the replacement value of the complex, and raised our liability coverage to a more realistic amount. Our net increase in insurance costs will be somewhat less than \$1000 per year, which we consider an excellent value. However, our deductible is now \$2500 instead of \$1000. **It is essential that you review your homeowner’s policy to ensure proper coverage.** By raising our deductible, we were able to significantly reduce our premium, which is paid from condominium fees. You should carry homeowner’s insurance for loss and liability directly attributable to your unit, and the value of this coverage should at minimum cover the \$2500 deductible to prevent possible out of pocket expenses to you in the event of a loss. The Trustees urge you to discuss this matter with your own broker if you have questions regarding this issue.

Finally, it is important to realize that liability and loss prevention are the responsibilities of all unit owners. Insurance alone does not prevent mishap, and our ability to minimize and avoid losses now and in the future will keep our premium costs low. For example, as we approach “barbeque season”, care to prevent grill-related fires or injuries is as essential to a condominium owner as it is to a single-family homeowner. Please be aware of your surroundings and avoid creating or allowing situations that raise our collective exposure to injury or loss.