

HOA Insurance vs. Unit Owner Coverage – What's the Difference?

Insuring a homeowners association (HOA) and the individual units within it is more complex than standard property insurance. When multiple policies are involved, it's essential to know **who is responsible for what**. This guide explains how your HOA's policy and your personal condo/townhome policy work together to keep you fully protected.

Key Coverages Every Unit Owner Should Carry

Dwelling / Building Coverage

- HOA master policy has a **\$25,000 deductible**.
 - Carry **at least \$25,000** on your own policy to cover this amount.
 - Discuss with your agent additional coverage limits and options available to you.
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Personal Property Coverage

- Covers **all your belongings** inside the unit.
 - Select a limit equal to the **full replacement cost** at today's prices.
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Loss of Use / Additional Living Expenses

- Pays for housing and living costs if your home is **uninhabitable**.
 - Often written as **Actual Loss Sustained** (no dollar cap, time-based: 12 or 24 months).
 - If your policy requires a limit, estimate **one year of living expenses** elsewhere.
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Loss Assessment Coverage

Protects you if the HOA charges unit owners to cover costs not fully insured.

Examples include:

- Covers your share of the HOA deductible if a claim is filed by the HOA.
- Covers assessment for damage if the HOA opts not to file a claim.
- Liability claims that exceed HOA limits.

 Many owners carry **\$25,000–\$50,000** in Loss Assessment Coverage.

Optional Coverages (Highly Recommended)

Water/Sewer Back-Up or Overflow


- Covers damage to your unit improvements and personal property from water backing up through sewers, drains, or sump systems.
 - Covers loss below the HOA policy deductible.
 - Common and costly — usually **excluded** unless added as an endorsement to your personal policy.
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Earthquake Coverage

Your HOA's policy includes earthquake coverage with a **15% deductible (with a minimum deductible of \$25,000)**. Unit owners may still face significant costs.

Protect yourself by:

- Securing an **earthquake endorsement** on your unit owner policy (if available) or a separate **earthquake policy**.
 - Carrying a **building limit of at least \$25,000**.
 - Using your own policy if the loss is below the HOA policy deductible or the HOA opts not to file a claim.
 - Adding **Earthquake Loss Assessment Coverage** to cover your share of the HOA's deductible.
 - Discuss with your agent additional coverage limits and options available to you.
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 **Next Step:** Review these coverages with your insurance agent. They'll help you choose the right limits and endorsements to ensure your unit and finances are protected.