

9.5 Appendix 5 – Insurance Procedures

Master Policy: The Quail Run Condominium Trust, as stated in Article VI, Section 7 of the Declaration of Trust, maintains Master Policies of casualty and physical damage covering both Common Areas and Facilities and the units.

A certificate of the coverage maintained on behalf of the Unit Owner can be secured by contacting the current Insurance Agent for the Condominium. When you call you should have the following information available in order to expedite your request:

- 1) Unit Owner's name or new buyer's name
- 2) Number of unit
- 3) Mortgagee name & complete mailing address
- 4) Loan or reference number

Unit Owner Policy: All Unit Owners are advised to carry an HO6 Policy. It is the sole responsibility of all individual condominium Unit Owners to insure their own personal effects and contents, personal liability and liability for the Trust's deductible (\$5,000.00 for property damage).

All Unit Owners should purchase an HO6 Policy. The coverage must be coordinated between the individual HO6 and Master Policy. Your agent will need to know that our Master Policy provides blanket coverage and is written on a single entity basis. It includes installed fixtures, interior walls, appliances and additions (including those within a portion used exclusively by an individual Unit Owner). Installed items include wall to wall carpeting, domestic appliances, wall coverings, cabinets and plumbing fixtures.

We strongly recommend the basic HO6 Policy be endorsed to add HO32, which extends perils insured against from a "named peril" basis to so-called "all risk" coverage, although some limitations still remain. This coverage will provide the owner with coverage for the Association's deductible. Discuss particulars with your agent. Unit Owners should also consider HO35 - Loss Assessment Coverage.

These comments are intended as a guide for Unit Owners to assist them in developing a proper personal insurance program. We recommend that all Unit Owners review their own personal insurance requirements with their insurance agent.

Investor Units: It should be noted that the Trust does not insure against rent loss in the event the unit becomes uninhabitable. The Master Policy and the Association will not honor any claims for loss of rents. It is also recommended that tenants purchase HO4 - Renter's Insurance.

Claims Processing: **The following steps should be followed when damage occurs in a unit in excess of the Association's Master Policy Deductible.**

1. Identifying Master Policy Claims: If the damage to areas covered by the Master

Policy is less than the deductible, then the Association steps out of the process and the Unit Owner will resolve the issue with their insurance company.

2. Processing a Master Policy Claim: The following is a simple guide to filing a claim against the Master Policy.
 - a. Following the occurrence of a loss the Unit Owner must report the damage to the Trust via the Management Company within 48 hours. Failure to report claims promptly may result in the claim being denied by the carrier. It is suggested that the Unit Owner also inform their personal insurance agent.
 - b. The Management Company will notify the Trust's Insurance Agent of the loss. The damage will be inspected by a representative of the Trust to assess the approximate cost of the damage. Should immediate repairs be needed to insure the safety of unit occupants, the Management Company will secure approval for these repairs from the Insurance Carrier.
 - c. Should the damage be in excess of the Trust's deductible, it will be necessary to secure bids to repair the damage.
 - d. During the bidding and damage assessment process, the Unit Owner must work closely both with the Management Company and the Master Policy Insurance Adjuster in order that the scope of work is agreed upon by all parties prior to commencement of any restoration work. The Management Company will assist the Unit Owner in obtaining necessary bids. This assistance includes, but is not limited to, making the unit available for inspection, securing additional bids should the Insurance Adjuster request it, and promptly responding to requests made by the Insurance Adjuster and/or Management Company.
 - e. In the event there is a dispute, negotiations with the insurance company are the responsibility of the Trust, and the homeowner must abide by the final settlement. The Management Company however will work closely with the Unit Owner to assure that the Unit Owner has proper input into the process.
 - f. Upon completion of the bidding and damage assessment process, the Management Company will send the Unit Owner a claim estimate and release form. Repair work can commence upon the Management Company's receipt of the signed release from the Unit Owner.
 - g. Since the Trust is the insured on the Master Policy, any payments for claims will be paid to the Trust. The Management Company will issue payments to the affected Unit Owners involved in the claim.

The Board of Trustees cannot be responsible for the timeliness of insurance payments. If a claim payment is delayed, no interest, penalties or other claims will be honored.