

## **What is Loss Assessment Coverage and Why It Matters**

Our HOA's master insurance policy includes a 5% wind/hail deductible (5% of the dwelling insurance value). This means that if a storm damages the buildings, the HOA is responsible for paying that deductible before insurance pays anything.

For example:

4-unit building deductible: \$64,176

6-unit building deductible: \$94,516

If the HOA does not have enough reserves to cover that amount, the cost can be split among all unit owners—this is called a loss assessment. For example, a 4-unit building would have a \$16,044 deductible for each of the 4 owners.

This coverage helps pay your share of an HOA assessment related to an insurance loss (like wind or hail damage). It does NOT apply to normal maintenance or HOA projects. It only applies to covered insurance claims

### **What That Means for You**

If a large claim happens (like hail damage), you could receive a bill from the HOA if they do not have adequate reserves to pay for the roof replacements, so you receive an assessment for your portion of your roof.

### **How You Can Protect Yourself**

Your personal HO6 (condo/townhome) insurance policy can include something called Loss Assessment Coverage.

Many policies only include \$1,000–\$2,000 by default. That is usually far below what you might be assessed.

✅ The good news:

You can often increase this coverage up to \$50,000 for a nominal premium

### **Best Practice**

Check your HO6 policy and increase your Loss Assessment coverage to the maximum available.

### **Bottom Line**

The HOA deductible is shared risk

Without proper coverage, you could face a large, unexpected bill

Loss Assessment coverage is a low-cost way to protect yourself

If you have questions, please contact your insurance agent to review your current coverage and options.