

Northgate Gardens Condominium

C/O Crowninshield Management
9 Atlantic Ave., Marblehead, MA

To: Northgate Gardens Condominium Unit Owners
From: Board of Directors & Crowninshield Management
RE: **INSURANCE INFORMATION - IMPORTANT**

As provided for under the Northgate Gardens Condominium By-Laws, the association retained a policy that provides coverage for building and all other insurable external improvements forming part of the condominium. As provided for under this section, the association has not retained coverage for any internal improvements or upgrades made to your units as well as for any personal property, such as, drapes, furniture, fixtures, furnishings, or other personal belongings.

The deductible is \$25,000.00 per unit/per occurrence. A loss in your unit has the deductible amount listed so the first dollar amount of the loss is the owner's responsibility up to that deductible amount, regardless of the source, per the governing documents. PLEASE NOTE: the master policy carrier and in turn the Board of Directors requires every unit to maintain their heat at a minimum of 65 degrees.

It is wise to have your personal insurance carrier cover your individual unit for this Association master policy deductible. It is referred to as an H06 policy with the required deductible by your specific association. It is also wise to carry other insurance for your unit such as contents, liability within your unit, betterments and improvements, loss use, and assessment insurance. **The H06 policy** covers the master policies deductible. But you need to inform your insurance company of its value. **Contents insurance** covers your furniture, etc. **Liability insurance** covers you should a guest slip and fall on an area rug in your unit, etc. **Betterments and improvements** cover your remodeling and additions to your unit above "builder grade". **Loss use** helps cover your living expenses should your unit be deemed inhabitable due to a loss. **Assessment insurance** covers your unit if there is a sudden assessment to cover catastrophic expenses that the Association may incur (not normal operating or reserve expenses).

It is best to discuss these additional coverages and policies with your individual carrier however WT Phelan is the Association's master agent and can be reached at 877/977-1898 if you have any questions.

How to handle damages to your unit: If you have interior unit damages due to some event such as water damage from a water heater, toilet, or a washing machine hose leak or due to damage from a roof or an ice dam leak, or other non-water related events, you should first call your own insurance carrier to file a claim. If that claim goes over \$25,000.00, then your agent would contact the managing agent to put in a claim with the Association's insurance company for the remainder. That is, your H06 insurance policy is responsible for the first \$25,000.00; the association's insurance would cover the rest.

Why is this being done? First, between the Association's Master Policy and a unit owner's H06 policy, the Building and Structure is to an extent doubly covered. That is the H06 policy covers it (albeit to a limit) as well as the Association's Master Policy. Eliminating a portion of the double coverage has helped reduce the Association's Master Policy cost. Second, due to the higher cost of the Association's insurance, the association is saving approximately \$7,000.00 a year in premium increases incurred for such claims that are already covered by the owner's own H06 policy and that would otherwise have to be passed on as an increase to your condo fee. The cost to your H06 policy, if any, is much, much less.

In summary, each unit owner is responsible for the first \$25,000.00 of any claim for his or her unit, including those for any structural damage. All condo HO6 policies have a provision for such occurrences under the title "Building or Dwelling and Structures" that should cover this \$25,000.00 deductible. You will want to check your policy or with your insurance agent to make sure that you have at least this amount of coverage for that item. In the event that you need to increase this coverage, be assured that the added cost should be a minimal (most quotes are for about \$1.00 per \$1000.00 of added coverage). You should also increase this coverage if you have made any upgrade additions to your unit (flooring, remodeled kitchen or bathrooms, deck extensions, etc.) that would not be covered by the Association's Master Policy in the event of a catastrophic event at your unit.

Attached to this memo is Q&A of different scenarios of potential unit damages and who covers what.

If you require a Certificate of Insurance to verify coverage for a mortgage, you may go online to www.WTPhelan.com or by calling 877/977-1898.