

THE BASICS

- ◇ An association carries property insurance on behalf of all the unit owners. This insurance is primary. This means that, in the event of damage that is covered under an association's policy, the association's insurance is first to cover the damage, regardless of the location of the damage and regardless of maintenance responsibilities for any areas damaged.
- ◇ In the event of damage that is covered by insurance required under the GCA, to the extent provided in the governing documents, the owner who would otherwise be responsible for maintaining, repairing or replacing the damaged area is responsible for covering the deductible, up to \$5,000.00.
- ◇ An association is NOT required under Georgia law to carry water insurance.
- ◇ To the extent provided by the governing documents for a condominium, a unit owner can be responsible for the full amount of the deductible applicable to his or her unit in the event of water damage covered by the association's insurance.

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The Georgia Condominium Act ("GCA") requires a condominium association to carry property insurance on the units and common elements as follows:

WHAT DAMAGE IS REQUIRED TO BE COVERED: Under the GCA, condominium associations are required to maintain fire and extended coverage, or basic perils insurance, on the condominium building(s). This coverage applies to the building structure itself, including the common elements, the limited common elements and the Units. Fire and extended coverage will cover the damages caused by the following occurrences:

- ◆ Fire
- ◆ Windstorm
- ◆ Hail
- ◆ Explosion
- ◆ Aircraft
- ◆ Vehicles
- ◆ Riot
- ◆ Civil commotion

WHAT STRUCTURES ARE REQUIRED TO BE COVERED: Under the GCA, a condominium association is required to cover the following:

- ◆ all common elements of the Condominium, including all limited common elements;
- ◆ the building foundation;
- ◆ the building roof and roof structures;
- ◆ exterior walls of the building, including windows and doors and framing therefor;
- ◆ the HVAC systems serving each condominium Unit;
- ◆ all drywall and plaster board comprising the walls and the ceilings of the Units; and
- ◆ the following items in the condominium Unit in the like type and quality *as originally installed*: floors and subfloors; wall, ceiling and floor coverings; plumbing and electrical lines and fixtures; built-in cabinetry and fixtures; and appliances used for cooking, dishwashing and laundry.

Personal belongings of an owner or occupant, and any betterments or improvements made by the unit owner are typically NOT covered by the association's insurance.

WHAT AMOUNT OF INSURANCE IS REQUIRED: An association is required to carry enough insurance to cover the full replacement cost of the building, based on the insurance carrier's valuation of the building, less deductibles.

- ◆ It is imperative for unit owners to maintain an H0-6 policy on his or her unit. An H0-6 policy should insure the unit to the extent not insured by the association. This means it should cover personal belongings, betterments and improvements, and enough coverage for any applicable deductibles. Owners should be encouraged to work with an insurance professional to ensure proper and adequate coverage.

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