

# L&J QUICK FACTS

## CONDOMINIUM PROPERTY INSURANCE

### 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 damage.
- 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 their unit in the event of water damage covered by the association's insurance.

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
- Lightening
- Windstorm
- Hail
- Explosion
- Riot
- Aircraft
- Vehicle Damage
- Smoke
- Vandalism
- Falling Objects
- Weight of ice, snow or sleet
- Collapse

**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
- Building foundation Building roof and roof structures
- Exterior walls of the building, including windows and doors and framing
- HVAC systems serving each condominium Unit
- All drywall and plaster board comprising the walls and the ceilings of the Units
- 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, dish washing and laundry.

Personal belongings of an owner or occupant, and any betterment 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 HO-6 policy on their unit. An HO-6 policy should insure the unit to the extent not insured by the association. This means it should cover personal belongings, betterment 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.

**AMOUNT OF INSURANCE 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.

**CONDOMINIUM OWNER INSURANCE:** It is imperative for unit owners to maintain an HO-6 policy.

- **Real Property** – coverage for damage to the parts of the unit not covered by the association's policy (e.g. owner basements and improvements)  
*\*\*\* Be careful here, owners should confirm that they have special perils coverage to receive payment for water damage;*
- **Liability** – coverage for bodily injury and property damage inside a unit because of an owners negligence
- **Personal Property** – coverage for personal property inside the unit (e.g. clothing, televisions, computers, etc.)
- **Association Deductibles** – reimburses a unit owner for deductibles under an association's master policy that are passed along to the unit owners.  
*\*\*\* Be careful here – deductibles coverage in this part of the policy should match the amount of the association's highest insurance deductible.*