

# **Community Association Insurance & Risk Management**

## **How do we interpret the “Per **Unit**” Deductible?**

**With over 85% of claims occurring in the interior of condo **UNITS** and 75+% can be traced to the failure of the owners to maintain their **UNITS**, it has become necessary to plan the associations insurance coverages to confront these continuing occurrences!**

**One solution I have incorporated in my “Risk Management” approach to this **UNIT** problem is to offer the “Per **UNIT**” deductible as a feature in my CAU policies. After explaining to Managers and Boards alike, the advantages of this approach, I have had a very positive acceptance.**

**When I approach an associations insurance program I feel my responsibility is to create a program that will protect them at a cost that can be consistently maintained on a competitive basis while not sacrificing coverage for cost. To me, I prefer to establish a marriage not just a love affair, when outlining coverages, deductibles & premiums.**

**The “Per **UNIT**” deductible helps to put the interior losses in the **UNIT** owners control by having their personal HO-6 policy respond after his \$ 250 deductible is applied up to the associations’ deductible threshold. Today this is usually \$ 5,000. To make sure all owners are aware of this deductible and how they can protect themselves we send a six-page letter of explanation to them every year with their certificate. In most HO-6 policies on the market, by merely carrying \$ 50,000 in personal property coverage, their**

**\$ 5,000 deductible can be covered under Coverage A for no additional premium!**

**Now, the beauty of the “Per **UNIT**” deductible occurs when we have no loss dollars charged to the association due to this incident, helping to keep the associations’ loss history in tack to prevent a potential renewal problem. As you are well aware, the greatest negative is an abundance of “incidents” compared to one large loss.**

**Ed Weber**