

Change in AOA Master Policy

Time to Update Your HO6

The amount of the WWAOAO deductible for our master policy has increased to **\$50,000.**

What is the reason for the increase?

Insurance companies know how many leaks a property encounters every year based on the claims that are filed. The more claims we file, the higher amount we're going to have as a deductible, in order to have insurance. For a property like WW, that is going on 50 years old, our spalling, wiring and pipes are aging. In addition, residents may not be keeping up with maintenance in their units. They may have old water heaters that need to be replaced. They do nothing and before they know it, the water heater has broken and water is leaking into the units below or next to them. Many people don't realize the life expectancy of a water heater in Hawaii isn't as long as often assumed, due to the corrosive effects of our tropical environment. The range is between 6 and 13 years. Some people have opted to install a tankless water heater which not only is energy efficient, it can also last up to 20 years.

Another cause of leaking may be the toilet's wax ring which can be checked and if needed, replaced. In addition, check the pipes that are below your kitchen and bathroom sinks for any telltale dripping.

How does the increase affect me?

Ever since we started following the rules under Hawaii Statute 514B, a few changes took place:

The AOA can require all owners to have an HO6 policy for their unit(s).

HO6 policies are relatively inexpensive to buy. They will ensure you are covered in the event you lose your property or if your unit is damaged. It will also protect you in case your unit causes damage to one or more other units.

If the AOA has to file a claim in excess of the \$50,000 deductible, they will look to



the unit responsible to recoup the deductible.

If you don't have the insurance to cover this, the \$50,000 will have to come out of your pocket.

Therefore, your HO6 policy should be at least enough to cover the cost of reimbursing the AOA's deductible, which is now \$50,000. **However, keep this in mind:** if your unit sustained a lot of damage, the insurance will only put it back to its original condition. This probably means laminate countertops, carpeting and a different type of cabinetry. You need to assess what improvements were done by you plus any previous owners, and determine how much extra it would cost to bring it up to that standard. Does your unit have hardwood floors and granite countertops? High end cabinets? State of the art fixtures? Estimate their replacement cost and add that amount to the \$50,000.

In addition, you should indicate an amount to cover those items that are removable from your unit such as TVs, computers, furniture, etc. If they are damaged, destroyed (or stolen) your HO6 policy will cover their replacement cost. This may be a separate category from repairing damage done to the unit itself. Your insurance agent can best advise you.

Time to take Stock

Make it a habit to take stock of what you own, at least once a year. Perhaps do it at the end of the year, especially if you received some pricey gifts over the holidays. Go through your unit, take a snapshot of all valuables and store a copy somewhere safe. You will be prepared if anything happens and those items need to be replaced. You will have a way of proving you owned them. Better still, if you have receipts, store them somewhere safe, too.

High Risk Components

Under 514B, our association is responsible for monitoring high risk components on the property and within the units. What does this mean for you as an owner? You need to adhere to periodic inspections that the AOA determine are necessary. One of the most important is the plumbing inspections WW does every other year or so. We arrange to have a plumbing company perform these inspections for us. When the time comes for your building, be certain you sign up for an appointment and get the inspection done. If there are recommended repairs, get them done. You don't need to use the plumbing company who performs the inspection. You can get your own plumber to do the work.



In addition, know that if your unit is suspected of causing a leak, the RM has the right to enter your unit to verify. If needed, they will engage a locksmith to open the door. Please don't make them do this. Always cooperate when these circumstances occur. Be a good neighbor! 🌴

CONTACT INFORMATION

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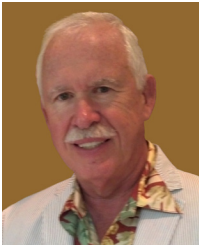
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Hoping to see everyone at the next Board of Directors Meeting
on Thursday, January 13, 2022.

Location to be verified.

STAY SAFE AND HEALTHY!

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