



Association of Unit Owners of Ranch Cabins

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18160 Cottonwood Rd, #165
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TO: All Ranch Cabin Unit Owners
FROM: Board of Directors
DATE: 4/24/2024
RE: Insurance Recommendations

The Association was unable to obtain affordable Property Insurance coverage, so dramatically reduced the Property coverage limits to address only the siding and chimneys which are owned by the Association.

Unit Owners must provide their own Building insurance on the entire cabin structure, except the siding and chimneys as of June 20, 2022.

ACTION REQUIRED:

Notify the agent who handles your Condo Homeowner Policy to increase the Building Coverage limit to a limit of insurance that reflects the replacement cost of the structure, less the value of chimney and siding. The coverage limit is your choice, but it is recommended not less than the amount shown in the table below:

Unit Floorplan	Square Footage	Minimum suggested Replacement Cost of full structure at \$200/sq ft	Chimney & Siding limit carried by Association	Minimum Building Limit for personal Condo Homeowner Policy (see note 1)
A	858.5	171,700	39,370	132,330
B	929.5	185,900	42,626	143,274
C	1,107.5	221,500	50,789	170,711
D	1,212.0	242,400	55,582	186,818
E	1,029.0	205,800	47,189	158,611
F	1,295.0	259,000	59,388	199,612

Note 1 – This is the recommended minimum, you may need more to be properly insured. This minimum figure is calculated based on the square footage listed in the Declarations which does not include additions of sheds. It is also based on \$200/sq ft suggested by various insurance experts as a minimum for the original basic structure and does not contemplate updates and upgrades.

Questions may be directed to: SRRanchCabins@gmail.com

For more details, see the following pages. This letter contains the information most agents will need to address this situation.

Caretaker (Mark Nein) (541) 977-2650

Accounting (Terry Glenn) (360) 907-3604

E-mail: SRRanchCabins@gmail.com

Details on Ranch Cabins Association's insurance program – April 2024

In May 2022, we received notification that Farmers Insurance intended to non-renew the Association's insurance policy, citing the existence of short-term rentals which no longer met their underwriting guidelines.

Ranch Cabins Association's insurance program consists of several components listed below, which had been bundled together with Farmers, but now purchased separately, with different carriers if necessary:

- Property – coverage against physical loss such as fire to the 39 cabins and the pool building
- General Liability – coverage for the Association's legal liability for injury or damage to others, such as slip and fall or an accident at the pool.
- Directors & Officers Liability – protects the Board and committee members against claims of error or omissions.
- Crime – coverage against theft of Association funds by various means.
- Umbrella/Excess Liability – provides additional Liability limits over General Liability/Directors & Officers that brings total available limits to \$4 million.

Ranch Cabins are unique among condo associations. Developed in 1972 before Oregon Condo Law and industry standards had been established, our Declarations make only the siding and chimneys the property of the Association, with Unit Owners being responsible for all other aspects of the structure.

Faced with insurance costs that would have topped \$60,000 per year, the Association elected to scale back the Property Insurance purchased to only the siding and chimneys it owned. A unit owner's cost to insure the balance of the structure was substantially less than the unit owner's share of the Association's cost to do so.

Currently, the Association purchases \$2,000,000 of Property coverage, apportioned by square footage among units and the pool building. The deductible is \$10,000. Other coverages such as General Liability, Directors & Officers, Crime, and Excess Liability will be similar as in the past.

Short-Term/Vacation Rentals – If you rent your unit at all, please read this section carefully and discuss it with your insurance agent.

Most Homeowner insurers are now excluding all losses arising from Short Term Rentals, defined as any rental for a period of less than 30 days. Often this will be an Exclusion found at the end of your policy packet, but some carriers are incorporating it into their policy forms. We are aware that Safeco is among a small number of insurers who do not exclude short-term rentals in Sunriver.

If you rent, ask your agent to verify in writing there is not a Short Term Rental exclusion or limitation on your policy, or change carriers.

Construction Costs – insurers and restoration contractors are saying the cost of re-building and restoration has increased dramatically in the last few years. We see inflation everywhere, and we are all familiar with the shortage of contractors in all trades, especially in Sunriver. Multiple sources indicated \$200/sq ft is *minimal*, even for buildings as basic as a Ranch Cabin. Most agents have construction cost estimating software to help guide the proper amount of coverage to rebuild the structure. (note the market value or appraised value is not relevant to determining rebuilding cost)

It is a Condo! – be certain your agent is aware that despite being a free-standing unit and the need to insure most of the structure's replacement cost, a Ranch Cabin is still a condominium unit, and the HO-6 Condominium Homeowner Policy (or equivalent) is the proper coverage form. A standard HO-3 or HO-5 Homeowner Policy will not have the proper language to deal with the condo form of ownership.

Consider higher deductibles – individual insurance costs are increasing, often by large leaps. A property deductible of less than \$1,000 is not likely cost effective.

Personal Liability Limits – this addresses your legal liability for injury or damage to others. For most Ranch Cabin owners, \$1,000,000 should be the minimum considered, either on the condo policy or in combination with a Personal Umbrella.