

**MVPCC's Insurance: Are Our Assets Covered?**

The short answer essentially is yes. But the Board wanted to share general policy information as well as the answers gained to a number of questions asked of the community's State Farm Insurance Representative, Doug Hamilton who attended a board meeting this fall.

**Agent's Background**

Doug Hamilton is a graduate of WSU and has been in the insurance business since 1976. He worked as a claims adjuster, claims supervisor and manager for several years before becoming an agent in 1984. Doug currently works with over 30 clients on their Homeowner Association policies and employs four office staff to service existing policies and new clients. He has various insurance degrees and certifications that he has earned over the years as part of his dedication to staying current and continues to pursue continuing education on a regular basis to meet industry requirements.

**General MVPCC Policy Information**

MVPCC's State Farm Insurance policy is considered a Homeowners Association policy. MVPCC has \$2M coverage and an additional \$1M umbrella. These are separated for funding purposes at State Farm, where liability payments come from one fund and umbrella funds from a separate fund. This allows State Farm to best cover all aspects of the policy and does not affect potential payout or coverage.

The policy covers MVPCC for any bodily injury or property damage claims arising from negligence of the Association. Defense costs are paid in addition to the policy limits coverage of \$3M. MVPCC is also covered even if allegations are false or without merit.

In any of the cases, if the liability is beyond the coverage from the policy, we would need to work with a defense attorney to determine the best ways to conclude the case with MVPCC's best interest in mind. In the event of an excess judgment, sale of owned property or special assessments are possibilities to satisfy the judgment. If such options are not feasible, dissolution of the Association would be a viable option as well.

Knowing our community Doug feels that the \$3M limit is an adequate and reasonable amount of insurance for the size and type of exposure of the MVPCC Association. He said other associations may carry higher limits based on the size of the association and type of exposure they have (common elements such as buildings). Higher limits are available for an additional premium.

**Directors and Officers Coverage:** In addition to being covered for bodily injury and property damage, we have an endorsement to the policy called Directors and Officers coverage (D&O). This covers all Board members against claims brought against them.

**Questions Asked Specific to MVPCC:**

**MVPCC Community Signage:** Doug feels our current signage is adequate protection of the community from potential lawsuits.

**Safety:** Parents are held responsible for their children.

**Drowning:** If there was an accidental drowning on community property and MVPCC was somehow found liable, the policy would pay the attorney fees and damages assessed up to the limits of the policy.  
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Fire: If a fire started on community property and moved to private property, subsequent *property* damage on the Association's properties would be covered by our policy.

If the cause of loss is from an outside source, State Farm Insurance Company, after paying for damages, may pursue the responsible party for reimbursement of all money paid, including the MVPCC deductible if applicable.

If a fire was started on private property and moved to the community property, the *individual homeowner's* insurance could be responsible for damage to the Association's property.

Dam Failure: If the dam failed and caused property damage, MVPCC's policy would cover any claims brought against the Association. MVPCC would be defended up to the point of verdict or settlement and the insurance would only pay if ruled by a jury finding the Association liable and a judge to instruct payment to the injured party or parties.

Maintenance and upkeep of community property including the park, lake and dam along with appropriate signage, enforcing our signage and the limited/restricted access are all critical elements to ensuring MVPCC is considered in good standing for our insurance coverage.