



Farmers Insurance
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Farmers Insurance is your new HOA insurance company. As the insurance agent on this policy, I am writing this letter to help clarify the extent of the association coverage and what we recommend for insurance each residential unit-owner should obtain for their respective units.

In the current policy period, your HOA documents call for your master policy to be written in a format known as "blanket all-inclusive coverage", this only provides \$3,409.09 per unit on the master insurance policy. With a \$2,500 deductible per unit for interior unit coverage. This means each interior unit coverage on the master HOA policy is only covered at \$909.09. It is my recommendation, in speaking with local General Contractor's that you insure your interior unit to at least \$300-350 per square foot.

Per your HOA governing documents, the HOA policy does **NOT** include your personal property such as furniture, linens, skis, bikes, TVs, stereos etc. A policy that will cover these items is called an HO-6 policy (condo/townhouse coverage form) and you should have one of these policies.

Per your HOA's governing documents interior permanent fixtures and any upgrades or improvements would be covered under your master HOA policy. This would include kitchen cabinets, bathroom fixtures, interior walls, doors, finished floor coverings, light fixtures, built-in appliances, etc... This is why we recommend you purchase an HO-6 policy to cover any unforeseen costs in the event of a total loss.

Additionally, there are several other necessary coverages not available on the association policy, which you should insure. For example, under certain conditions described within Colorado Statutes, it is entirely possible for a unit-owner to be assessed the condominium HOA deductible, therefore the need for your policy to cover the deductible is suggested. It is also possible for unit-owners to be assessed for claims more than your HOA liability limits. Therefore, the need for your policy to cover these assessments is suggested as well. Most HOA assessments we have seen are around \$5,000-10,000 per unit depending on the claim. You can speak with your insurance agent and ask for the "loss assessment endorsement" coverage.

In addition, if you own a rental unit, it is also advised to verify that the policy is written as either a landlord policy or short-term vacation rental unit under your current policy. It is not uncommon for insurance companies to exclude the theft of personal property within your rented unit, or loss of rental income or loss of use.

Unlike Farmers Insurance, not all insurance companies will respond to such claims. It is highly advised that you consult your agent, examine your unit-owners policy, or you can certainly contact me to get a proposal for your HO-6 policy.

Please feel free to contact me directly with any questions.

I appreciate your business and look forward to helping you with any questions you may have!

Sincerely

Troy J Fuller

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