LOSS ASSESSMENT vs SPECIAL ASSESSMENT

December 1, 2025

✅ Loss Assessment

A loss assessment is a charge assigned to unit owners when the HOA or condo association experiences a covered loss (usually property damage or liability) that exceeds the association's master insurance policy limits.

Example:

- A storm damages the clubhouse. Replacing the roof due to a covered peril – ex: Hail, Tornado, Lightning
- The repair cost is $300,000, but the association's insurance only covers $250,000.
- The remaining $50,000 is divided among all unit owners as a loss assessment.

Key points:

- Tied to insurance-covered events (e.g., fire, storms, liability claims).
- Often covered by your homeowner's (HO3) and Condo (HO-6) "Loss Assessment Coverage".
- Usually unexpected and triggered by damage or liability claims.

✅ Special Assessment

A special assessment is a charge imposed on unit owners to pay for projects or expenses that aren't fully covered in the association's budget or reserves. This is not tied to an insurance claim.

Examples:

- Replacing the roof because reserves are insufficient.
- Funding a new security system.
- Unexpected repairs that aren't covered by insurance (e.g., old plumbing issues).
- Elective updates/Maintenance

Key points:

- Based on budget shortfalls, capital improvements, or non-covered repairs.
- Not triggered by an insured loss.
- Usually not covered by HOA/Homeowners Insurance/condo insurance or your HO-6 policy.
- Can be planned or unplanned.

NOTE: Not all insurance companies offer Special Assessment coverages so it would be a good practice to ask if this is available by endorsement.

Provided by:
TAMMY FARMER
"Best Insurance Agent," D Magazine, 2022, 2023 & 2024
Insurance Agent | HomeServices Insurance, Inc.
tammy.farmer@homeservices-ins.com