



Loss assessment

More valuable than you might think

If your home is in a subdivision, gated community or condominium building chances are you're a member of a homeowner's association (HOA). There are more than 351,000 such associations in the U.S. Collectively, they represent more than 40 million households or 53% of the owner-occupied homes in America¹.

HOA members pay fees to maintain the integrity and value of the community's common areas which, in the case of condos, can include the building itself. Common areas, such as a pool, a playground or a clubhouse are commonly jointly owned by all members and available for their use.

Associations have property insurance that covers common areas and liability for incidents that occur in common areas. However, it is possible that a claim can exceed an HOA's policy limits. In this case, the association members may be required to make up the difference. Having loss assessment coverage can help you avoid paying out of pocket.

Why it's important for you

Chances are, you don't spend too much time worrying about what happens to guests who visit your community and use the gym or tennis courts. Because the HOA is responsible for the common areas of the community, each owner generally has partial responsibility for whatever happens to guests. For example, if someone is injured while using the common areas, they could file a claim that exceeds the HOA liability coverage limit.

Consider the following:

- A visitor is injured using the playground and the HOA is hit with a \$2.5 million judgement. Unfortunately, the association only has \$2 million in general liability coverage. As a result, \$500,000 is assessed to the association's 10 members. Each member is charged \$50,000.
- A fire severely damages your condo building, resulting in \$10 million in damage. Your condo building is 40 years old. Building codes have changed in the 40 years since your condo was originally built. Plumbing, electrical, stairwells, etc. will all need to be updated to current building standards, costing an additional \$1 million. The HOA's policy includes \$250,000 for ordinance or law coverage. \$750,000 is assessed to the unit owners; in your 50 unit building that is \$15,000 each.

How much loss assessment is enough

In general, carrying as much loss assessment protection as you can will provide you with the greatest peace of mind. Loss assessment coverage is relatively inexpensive for the value it provides.

Review your HOA master insurance policy and governing documents, such as the Covenants, Conditions, Restrictions (CC&Rs) with your trusted agent and consider the following:

- What is the HOA responsible for compared with unit-owners' responsibilities?
- What coverage limits does the policy provide?
- Are there special deductibles, like a wind/hail deductible, for which unit owners may be held responsible?

How Nationwide Private Client responds

If you are not insured by an affluent lifestyle specialist, like Nationwide Private Client, then the limits available to you may not be adequate. We understand the importance of loss assessment. Would you rather pay out of pocket or have your insurance company pay a claim? Our uniquely crafted homeowners and condo policies will help protect your hard-earned assets should an unexpected event occur.

- \$50,000 of loss assessment included automatically at no additional charge.
- Additional limits available up to \$100,000.
- Up to \$10,000 for any assessment that results from a deductible in the HOA's insurance.
- A separate loss assessment is available for earthquake coverage. The earthquake deductible does apply.

Why Nationwide Private Client

Nationwide Private Client is dedicated to helping protect the assets and reputations of our clients. Our highly personalized insurance products, services and concierge style claims handling are thoughtfully designed to meet the distinctive needs of affluent individuals and families. We are committed to providing you a superior experience whenever you need assistance.

Nationwide Private Client offers these added benefits:

- Claims: Exceptional claims handling provided by Nationwide Private Client.
- Financial strength: Nationwide, a Fortune 100 company², is one of the largest and strongest diversified insurance and financial services organizations in the U.S. and is rated A1 by Moody's and A+ by both A.M. Best and Standard & Poor's.³
- Charitable giving: At Nationwide, we strongly believe in being good corporate citizens where we work and live. Since 2000, the Nationwide Foundation has committed more than \$355 million to charitable organizations across the U.S. Nationwide Private Client continues to demonstrate this core value through its Partners in Giving program, helping numerous lives each year.

¹hoa-usa.com/about

²Based on revenue, Fortune (June 2015).

³Ratings affirmed 7/21/16 by Moody's, 7/7/2016 by A.M. Best, and 4/22/2016 by Standard & Poor's.

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