



Kirk Miller Insurance Agency, Inc.
Offices in San Diego, CA and Pleasanton, CA
San Diego Phone: 619.293.7779
Pleasanton Phone: 925.334.5700
CA #0K05931 | AZ #8787714 | NV #764468

May 29th, 2019

Villa La Jolla Condominium Association
c/o Keystone Pacific Property Management
8540 Via Mallorca
La Jolla, CA 92037

Dear Villa La Jolla Homeowners,

Our agency is pleased to be the insurance service provider for the Villa La Jolla community. In coordination with the community's board of directors, we would like to provide clarification on what the association's master policy covers, and more importantly, what it does not cover. It is greatly important that all owners maintain proper personal insurance coverage, as the master policy does have limitations as to what would be replaced in the event of an insurance loss. In order to ensure that your personal insurance coverage is proper, please review the following, and feel free to contact our office at any time and we are very happy to assist.

ITEMS COVERED BY THE MASTER POLICY

In accordance with Villa La Jolla's Codes, Covenants and Restrictions (CC&Rs), the association's master property insurance policy is not inclusive of the entirety of the unit interiors. What this means is that the association's property policy will replace the common areas and certain components within the units, but all owners are responsible for the insuring items not covered by the association.

ITEMS NOT COVERED BY THE MASTER POLICY

While the master policy covers the replacement of the buildings, it is not intended to provide coverage for the interior finishes (carpet, hardwood, tile, paint, wallpaper) or items such as upgraded cabinetry, countertops, built-in appliances and fixtures. Owners are responsible for insuring these items.

DO HOMEOWNERS NEED INSURANCE?

YES! In addition to items that are not covered on the master policy (personal contents and all interior components), the HOA policy will not provide for other important coverage items that the personal policies (HO-6 policies) offer. These are briefly described on the following page along with minimum coverage recommendations.



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Insurable Interest Summary Matrix for Building Property

Insurable Property	Insured by HOA	Insured by Homeowner
Exterior Building Structure	X	
Interior Floor Coverings (carpet, hardwood, etc.)		X
Interior Wall Coverings (paint, wallpaper, etc.)		X
Owners' Personal Property		X
Cabinetry	X	
Countertops	X	
Built-in Appliances	X	
Fixtures within Residential Unit	X	

* Owners may be responsible for the association's property deductible in the event of loss.

In addition to purchasing appropriate limits of building insurance coverage for replacement of the condominium unit interiors, homeowners should maintain coverage for the following items which are not covered by the association's policy:

- **Personal Liability** to protect themselves from liability incidents within the residential unit.
 - ❖ *Minimum Recommended Limit: \$300,000*
- **Guest Medical** coverage to provide no-fault medical coverage for incidents of personal injury to guests within the residential unit.
 - ❖ *Minimum Recommended Limit: \$1,000*
- **Loss of Use** coverage to collect funds associated with alternative living accommodations in the event of the residential unit being uninhabitable due to loss.
 - ❖ *Minimum Recommended Limit: \$25,000*
- **Loss Assessment** coverage to cover special assessments that may be levied upon the homeowner in the event of liability for a loss.
 - ❖ *Minimum Recommended Limit: \$50,000*
- **Personal Property** coverage to ensure replacement of personal items such as couches, TVs, desks, chairs, tables, computers, etc. in the event of loss.
 - ❖ *Minimum Recommended Limit: Dependent on Each Particular Owners' Needs*

Our offices takes great pride in providing insurance services for the Villa La Jolla Condominium Association, and if there is anything we can assist with please let us know and we are very happy to help!

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Special Note on Water Damage

Water damage is the single most frequently occurring type of damage within condominium communities. It is important that all owners verify with their personal insurance carriers that the policies include coverage for water damage that comes from both common area and non-common area sources. Examples of non-common area water damage can be from an icemaker supply line, shower, angle stop, exclusive-servicing plumbing line, etc.

Some carriers exclude coverage for backup and overflows from outside the unit-exclusive plumbing unless the coverage is purchased for additional premium. All owners need this coverage, as the association's property insurance policy does not cover all property within the units (see page two). As water damage typically damages flooring, which is not covered by the association's policy, these coverage extensions on the personal policy are critically important to best protect all owners in the event of loss.

Potential Loss Example

A common drainage line backs up and overflows into two (2) residential units. Who is responsible for what?

While it is commonly thought that the association is always responsible for damages resulting from common pipes, this is not the case as these loss incidents are typically sudden and unforeseeable. As a result, the association's responsibility would be to clear the problematic plumbing line, and each impacted owner would need to file claims on their individual insurance policies. If the individual insurance carriers deem that the damages should be reviewed by the association's insurance, they will convey this request to the association and its insurance carrier.

It is immensely important that all owners verify coverage with their personal insurance carriers, as adding coverage for water damage originating from outside the unit is inexpensive and provides great financial protection in the event of a loss.

All owners are welcome and encouraged to provide this document to their personal insurance companies to ensure that there are no gaps in coverage between the association and personal insurance policies. Should there be any questions on the community's coverage, all owners and their insurance brokers/carriers are welcome to contact our office and we are here to assist.