

**KINSER INSURANCE AGENCY INC.**  
1495 Pine Grove Road, Suite 201A  
Steamboat Springs, CO 80487



Marina Place Condominiums  
23024 US Hwy 6, #202  
Keystone, CO 80435

Enclosed is the Farmers Insurance condominium quotation for **Marina Place Condominiums**. We have structured this quote as an **"Bare Walls"** building definition at \$17,365,050.

As you may know, the Farmers Habitational Business Owners Policy (BOP) includes an array of coverages associated with condominium exposures and is arguably one of the very best policies in the current marketplace for several reasons.

Some of the highlights of the Farmers Insurance BOP condominium program:

- "Building" definition – only ONE of the following applies (**as noted above**):
  - **"Inclusive"** (with E3418 endorsement), includes the interiors of the residential units, the permanently attached improvements, and alterations. So, any upgrades the unit owners have made to the residential units are insured under the building limit. This means that (subject to the HOA deductible) Farmers will cover the interior walls, doors, floor coverings, permanently attached appliances, fixtures, etc. within the unit on a primary basis regardless of the wording of the declarations. Unit owners need to insure building value from \$0 to the HOA deductible on their own policies in addition to contents, personal liability, etc. Commercial Units are insured on a "bare walls" basis.
  - **"Bare Walls"** coverage insures the interior of the condominium units to the fire-taped drywall and subfloors. All of the fixed improvements and final finishes within the units must then be insured on the unit owners' policies. The election of "bare walls" coverage is typically stipulated in the condominium declaration and/or bylaws.
  - **"PUD"** definition refers to association coverage that does not include building, or property, coverage for residential units or homes. If building limit is present, it is for commonly owned property such as a clubhouse or other amenity buildings.
- Extended Replacement Cost endorsement increases the building limit by a factor of 150% provided you initially insured at full replacement cost.
- Building Ordinance Limit (Building Codes) is in addition to the building limit, not a sub-limit of the building limit. Even new buildings need building ordinance coverage as codes and the interpretation of code changes are constantly in flux. **Typically, no less than 10% of the value of the largest building recommended for "Additional Cost of Construction". Annual review recommended.**
- Directors and Officers Liability coverage is broader than most and is a separate limit to the General Liability, not an endorsement to the GL. **Form recently updated to include Full Prior Acts, embedded Discrimination, and defense of allegations of breach of contract, among other changes.**

- Employee Dishonesty coverage defines the management company employees as employees of the association. This means that we insure association trust and operating accounts against loss from management company employees.
- Sewer backup coverage includes on-premises sewer backups. Many HOA policies exclude water losses from an “overflow” from a drain as opposed to a ruptured pipe. The only way to get coverage from an overflow is from the “Backup of Sewer and Drain” coverage. Many of the carriers then require that the drain line blockage be off-premises for there to be coverage on the HOA policy. Therefore, any backup that occurs from a blockage on the premises is not covered at all. The HOA is then self-insuring on-premises overflows. **If your association is insuring building property, \$250,000 limit recommended.**
- Farmers offers corresponding unit owner policies under most conditions at a very competitive rate up to \$1 million in liability with property coverage designed to dovetail with the HOA policy.

In addition to the Farmers policy, our proposal includes important coverage offers from other insurance carriers.

- **Umbrella Liability:** If eligible, we have included a quotation for a Greenwich umbrella policy at a \$25,000,000 dollar limit. This coverage is in excess of the underlying General Liability and Directors & Officers Liability on the underlying Farmers Group Policy.
- **Difference in Conditions (DIC):** If renewing or requested, we have included an offer for a DIC policy which will provide coverage for the normally excluded peril of Earthquake. Coverage for the peril of flood may be added under certain circumstances. Alternate option with Earth Movement coverage may be available as well.
- **Miscellaneous Policies:** Other coverage not specifically referenced above will be described in the comments section on the summary page below, including Standalone Crime, Standalone D&O, Workers Compensation, National Flood Insurance Programs, etc.

Thank you for the opportunity to bid your association. Please feel free to call with any questions.

Best Regards,



Nick Strong  
Kinser Insurance Agency

<b>Summary of Insurance Coverage:</b>	<b>Marina Place Condominiums</b>	
	Policy Number:	<b>606789023</b>
Habitational PREMIER Package Policy	Policy Period:	<b>10/1/21 – 10/1/22</b>

Premier Coverage Package - Property		
Coverage Name	Deductible	Limit
Property Deductible	<b>5,000</b>	
Building Amount	Property Deductible	<b>17,365,050</b>
Unit Owners Coverage (Included)	Property Deductible	<b>Bare Walls</b>
Building Contents	Property Deductible	-
Building Ordinance - Loss in value to undamaged building property (Coverage 1)	Property Deductible	Included
Building Ordinance – Demolition (Coverage 2)	Property Deductible	<b>250,000</b>
Building Ordinance - Additional Cost of Construction (Coverage 3)	Property Deductible	<b>434,126</b>
Mechanical Breakdown	Property Deductible	Bldg Limit
Extended Replacement Cost (Building)	None	<b>Included up to 150% of building</b>
Building Valuation	Property Deductible	<b>Agreed Amount</b>
Backup Sewer & Drain	Property Deductible	<b>250,000</b>
Specified Property	Property Deductible	<b>60,000</b>
Association Fee & Extra Expense	None	100,000
Extra Expense	None	12 Months
Outdoor Property	Property Deductible	50,000
Outdoor Signs	\$500	50,000
Employee Dishonesty (Fidelity)	\$500	<b>500,000</b>
Forgery and Alteration	Property Deductible	2,500
Money Orders and Counterfeit Paper Currency	Property Deductible	1,000
Money & Security	\$500	10,000
Accounts Receivable	Property Deductible	5,000
Valuable Paper	Property Deductible	5,000
Claim Expense Coverage	None	Included
Debris Removal	Property Deductible	Included
Electronic Data Processing	Property Deductible	10,000
Lock Replacement Coverage	None	10,000
Exterior Building Glass	Property Deductible	Included in Property Limit
Fire Department Service Charge	None	25,000
Fire Extinguisher Recharge	None	5,000
Garage Keepers	Various (if applying)	<b>Not Included</b>
Newly Acquired or Constructed Building	Property Deductible	250,000
Newly Acquired Personal Property	Property Deductible	100,000
Personal Effects	Property Deductible	2,500
Pollutant Cleanup & Removal	Property Deductible	50,000
Premise Boundary Definition	N/A	100 feet
Preservation of Property	Property Deductible	30 days
Limited Collapse	Property Deductible	Included
Limited Coverage for Fungi, Wet Rot, Dry Rot & Bacteria	\$5,000	\$15,000
Water Damage	Property Deductible	Included
Wind & Hail	Property Deductible	Included
Employee Practices Liability	D&O Ded. (if incl.)	<b>Included with PrefCAM D&amp;O</b>

Premier Coverage Package - Liability		
Coverage Name	Deductible	Limit
Liability Limit Per Occurrence	None	1,000,000
Aggregate Limits - All Other Occurrences	None	2,000,000
Aggregate Limits - Products/Completed Operations	None	1,000,000
Medical Payments	None	5,000
Fire/Tenants Liability	None	75,000
Hired Auto Liability	None	1,000,000
Non-Owned Auto Liability	None	1,000,000
Premises and Operations	None	Included
Contractual Liability	None	Included
Employees as an Insured	None	Included
Independent Contractor You Hire	None	Included
Liability for Newly Acquired Locations	None	Included
Limited World-Wide Liability	None	Included
Non-Owned Watercraft	None	Included
Owners Protective Liability	None	Included
Parking Area Liability	None	Included
Personal and Advertising Injury Liability	None	Included
Products and Completed Operations	None	Included
Spouse or Partners as Insureds	None	Included
Supplemental Payments	None	\$250/day limit

Premier Coverage Package - Directors & Officers		
Coverage Name	Deductible	Limit
Preferred Community Association Management - Per Claim	1,000	1,000,000
Directors and Officers Errors and Omissions Liability		Included
3rd Party Discrimination & Employment Practices Liability		Included
D&O - Broad Named Insured		Included
D&O - Defense Costs in addition to policy limits		Included
D&O - Non-Monetary Defense		Included
D&O – Property Manager		Included

Premier Coverage Package - Premium	
Premium	\$31,133
<b>Total BOP Premium</b>	<b>\$31,133</b>

DIC – Difference in Conditions: (OPTION 1)	Total Insured Value (iCAT) / Loss Limit (OneBeacon)
n/a - Declined	
Deductibles:	EQ n/a / FLOOD n/a / EM n/a
<b>Annual Premium</b>	<b>\$-</b>

Umbrella Coverage	Self-Insured Retention	Limit
Greenwich	0	25,000,000
<b>Umbrella Indicated Premium</b>		<b>\$1,883</b>

This Summary of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer and the holder of this document, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



### **Checklist for Marina Place Condominiums Insurance Renewal**

This checklist is meant to be a guide for property managers and board members to help understand and set appropriate limits for the various coverages found in a Habitational Insurance policy.

This is not meant to be a complete, exhaustive list (\*). However, it is meant to be simple means to promote discussion about coverages with regard to adequacy.

It is our recommendation that all property coverage should be set at full replacement cost. Please take time to review all the various limits for your association.

#### **Building limit - \$17,365,050 / Deductible \$5,000**

Insurance to Value: **\$171** per square foot (Based on square footage information we have on record.)

- Should be set by BOD at full replacement cost of all common structures
- IF **"Inclusive"**, Replacement cost, in most cases, will include permanently attached unit owner upgrades within residential units
- **"Bare Walls"**, owners are obligated to insure the interior finish of their unit.
- Appraisals are encouraged
- ITV (insurance to value) shown in the renewal documents is dependent on square footage data. Make sure square footage data includes entire building.
  - Residential units & common hallways, exercise rooms, meeting rooms, pool areas
  - Commercial Units
  - Garage areas

#### **Contents limit - \$-**

- Commonly owned contents (does not include contents of individual unit owners)
  - Furniture
  - Computers and other office equipment
  - Wall hangings
  - Pool Equipment
  - Maintenance equipment – snow blowers, skid steers, ATV's, exercise room equipment
  - Does not include contents owned by unit owners

#### **Specified property - \$60,000**

- Physical property not located within or attached to the Building(s) such as
  - Exterior athletic courts
  - Bulkheads, docks, piers and wharves
  - Community roads and driveways
  - Fences
  - Flagpoles
  - Fountains
  - Lights
  - Monuments
  - Planters
  - Playgrounds
  - Poles



Specified property (continued)

- Pools and spas
- Storage units
- Walkways
- Walls, including retaining walls

**Building Ordinance – Demolition - \$250,000**

- The cost to demolish a structure after a loss required by building department.

**Building Ordinance – Additional Cost of Construction - \$434,126**

- The cost to bring the current construction up to current building code.
- Examples of possible code requirements
  - Sprinkler system
  - Increased water tap size and piping to accommodate sprinkler system
  - Elevators
  - 1 or 2 hour fire assemblies for each unit (multiple layering of drywall)
  - Baluster spacing 4” maximum on all handrails
  - Fire blocking
  - ADA requirements
  - Foundation upgrades

**Outdoor Property - \$50,000**

- Limited non-building property such as
  - Radio and television antennas (including satellite dishes)
  - Signs (other than signs attached to buildings),
  - Trees, shrubs and plants, including debris removal expense

**Sewer Back Up - \$250,000**

- Coverage sub-limit for damage to Building Property caused by the backup of a sink, shower, roof or floor drain including a backed-up sewer line.

**Employee Dishonesty - \$500,000**

- Community associations are required by statute to insure the funds they have on account to not less than two months assessments plus reserves.
- FHA requirements, for those association owners applying for mortgages, is not less than three months assessments plus reserves.

**Association Dues - \$100,000**

- Association fees that the association has not been able to collect from owners as a result of a covered loss.

(\* ) This document is only meant to be a guide. Please refer to your specific policy for the specific terms, definitions, conditions, exclusions, limitations and other contract information.

Additional Reference - “Understanding Homeowner Association Insurance”

<https://altitude.law/resources/article/understanding-homeowner-association-insurance/>

**Association:**

**Marina Place Condominiums**

**Premium Summary:**

<b>Farmers Insurance Group – Business Owners Policy (BOP)</b>		Rating: A XV
10/1/21 Premium		<b>\$31,133</b>
10/1/20 Premium		\$32,122
	<b>Difference</b>	\$(989)
	<b>Percent of Change</b>	-3.1%
<b>Preferred Properties - Greenwich Umbrella Policy</b>		Rating: A+ XV
10/1/21 Premium		<b>\$1,883</b>
10/1/20 Premium		\$1,604
	<b>Difference</b>	\$278
	<b>Percent of Change</b>	17.3%
<b>Combined Premium Comparison w/o DIC</b>		
10/1/21 Premium		<b>\$33,016</b>
10/1/20 Premium		\$33,726
	<b>Difference</b>	\$(711)
	<b>Percent of Change</b>	-2.1%
<b>Difference in Conditions (Earthquake/Flood/Earth Movement) – EXISTING CARRIER RENEWAL</b>		Rating: iCAT – A-A++ XV One Beacon - A+ XV
10/1/21 Premium		\$-
10/1/20 Premium		
	<b>Difference</b>	
	<b>Percent of Change</b>	

**3 Year Association Loss Ratio: 0%**

**(Loss Ratio Calculation shown using 10/1/17 – 10/1/20 Experience Period)**

**Comments:** 1/7/17 claim for \$5,036 no longer included in LOSS RATIO calculation, causing Profitability Factor to improve from 0.90 to 0.85 (15% discount). No change in Property limits. Minor internal rate changes. No DIC.

**Previous Changes:** Inc ACC to \$434,126 (10%)

**Recommended Options:**

1. Increase **Backup of Sewer & Drain** coverage to \$250,000 – **\$n/a** added premium (*missing premium denotes already at or above recommended minimum limits*)
2. Increase **Ordinance – Additional Cost of Construction** to at least 10% of the largest building – **\$n/a** added premium (*missing premium denotes already at or above recommended minimum limits*)

**PLEASE SEE FOLLOWING PAGE FOR DIC OPTIONS – PLEASE INDICATE SELECTION**