



Condominium Unit Owners Insurance “Bare Walls Interior coverage and my HO-6 policy”

This newsletter is designed to inform you of association coverage as it pertains to association governing documents, and your personal insurance exposure. The association policy is being converted to a “Bare Walls” interior coverage basis, effective 5/28/2023. The association policy will continue to maintain \$25,000 property and \$250,000 Wildfire deductibles.

This means that it will be each individual homeowner’s responsibility to insure the interior surfaces of their respective units. Including but not necessarily limited to, flooring, baseboards, cabinetry, countertops, built-in or set-in appliances, toilet fixtures, lighting fixtures, ceiling fans, crown molding, custom paint, etc. Coverage for these items can be purchased through your “condo unit owners policy” / “HO-6” policy.

Following a covered loss, the association insurance policy will rebuild the buildings housing residential units to complete exteriors and “bare walls” interior. Technically, drywall with white paint and concrete slab / floor boards, that is all. It is the responsibility of the unit owners to insure the interior finished surfaces.

Please keep in mind that the value of each individual unit interior will specifically depend on the replacement cost of the original / upgraded interiors. For example, a unit owner with 4” white porcelain tile countertops will have a lower replacement cost value than a unit owner who has marble countertops. Same goes for the floor coverings along with all other permanently mounted interior items.

For average construction, the replacement cost value can be estimated at approximately

\$60 - \$80 per square foot of interior building coverage. For example, a 2,000 sq ft condominium / townhome unit with average interior finished surfaces should purchase approximately \$120,000 - \$160,000 in interior building coverage.

How can you as homeowner protect yourself from future losses future?

1. Contact your personal insurance carrier (the agent who writes your HO-6 condominium unit owners policy and/or auto coverage) and inquire with them about adding coverage for interior betterments and/or improvements and/or increasing the building coverage on your existing policy. Be sure to inform your current agent that the association policy is now a “Bare Walls” policy with \$25,000 property and \$250,000 wildfire deductibles.
2. If you do not have a current HO-6 policy, our office and the association board of directors strongly recommend you purchase one in order to protect your investment. Please contact our office at the contact information on the following page for competitive quotes.

Feel free to contact our office with any questions and/or concerns. Our personal lines staff members are more than willing to help answer your questions.

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