

CIA Insurance Agency Inc.
Dbas: Agency Insurance
Big Sky, MT 59716
406 993 9242

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Unit owners of Firelight Condominium Association, Inc.: This letter is to assist in clarifying the coverages provided by the Firelight Condominium Association, Inc. insurance policy that has recently had some changes. Although there has been no significant change in coverage pertaining to the unit, there is consistently the need to help clarify the extent of the association coverage and what insurance the residential unit owners should purchase personally. In the current policy period, the Firelight Condominium Association, Inc. policy is written in a format known as "current construction", or "inclusive" coverage, or sometimes "studs in" coverage - as opposed to "bare walls" coverage. To unofficially clarify this coverage format, it can be said that "if you shook the residential unit or turned it over, property within the unit that does not move is Building Property and is within the scope of the association policy." This would include interior walls, doors, finished floor coverings, cabinets, fixtures and built-in appliances NOT including unit-owner upgrades to a residential unit. Although this coverage format is among the best in the industry, it does not encompass everything or all of your insurable interest within your unit. For example, the current association building deductible is \$50,000. It is entirely possible for there to be a claim within your unit in which you would be called upon to make up the \$50,000 gap in building coverage. Additionally, there are several other necessary coverages not available on the association policy which you should insure. As a residential unit owner, you are strongly advised to make up what is not covered in the unit by purchasing your own Condominium Unit Owners Policy (AKA HO6 policy). Please note that these policies are appropriate for townhomes as well. Many unit owners may have this coverage at adequate limits already. If you do not already have a Condominium Unit Owners insurance policy, it is strongly suggested that you purchase one. To insure the gap in building coverage, you will need to insure Building Property or Building and Alterations coverage within the perimeter walls of your unit at replacement value of not less than \$50,000. In addition to Building and Alterations, Loss Assessment coverage should be no less than \$50,000; and Personal Liability no less than \$500,000, water and sewer back up coverage also needs to be added and a limit of at least \$5,000 is suggested at minimum.

A sample of coverages that should be on your policy follows:

Building property \$50,000 (no less than)

Loss Assessment \$50,000 (not less than)

Personal Liability \$500,000 (suggested)

Water and Sewer back up \$5,000 (suggested)

Under certain conditions and/or subject to non-discriminatory standards described within Montana Statutes, it is entirely possible for a unit owner to be assessed the condominium deductible. Not all

insurance companies will respond to such a claim. It is highly advised that you consult with your agent or examine your unit owner's policy to confirm the coverage for the assessment of an association deductible.

If you own a rental unit, it is also advised that you make your renters secure a renters policy with \$500,000 in liability, \$5,000 in water and sewer back up and list you the unit owner as additional insured. It is not uncommon for insurance companies to exclude damages done by a tenant. Again, consult your agent or policy regarding this potential gap in coverage.

The board of your association is not directing you to purchase your policy from any particular insurance company or agency. If you now have a policy, call your current agency and have them modify your coverage to limits not less than those shown above. If you do not have a policy, our agency will be more than happy to assist in placing your coverage. Please contact Agency Insurance at 406 993 9242.

This letter is not meant to preclude the professional responsibility of your current insurance agent to design and suggest coverages which fulfill your specific needs. Depending on the underwriting requirements of your insurance company, there quite possibly could be reasons for more or different coverages than those shown above. Failure to heed this warning could be expensive. Please contact your agent immediately.

CIA Insurance Agency, Inc.

*Disclaimer: This document is meant to be a general description of coverages for use as a guideline in the purchase of personal individual unit owner's policies only. All association coverages are subject to specific policy language, exclusions and limitations of the current policy.