

Star Canyon Condominiums Homeowners Association, Inc.

*c/o KC & Associates, LLC
10106 W. San Juan Way, Suite 210
Littleton, CO 80127-0009
303-933-6279*

November 20, 2019

To the Unit Owners of Star Canyon Condominiums Homeowners Association:

The following important information is concerning changes to the association's insurance policy effective 11-01-19 and how it could impact you financially.

Below are important Facts to know about the increase in property rates and deductibles.

On May 8th, 2017 the hailstorm that pummeled the Denver metro area shattered more than just windows, cars and roofs; it also broke records for the costliest hail storm in Colorado's history. According to the Rocky Mountain Insurance Information Association (RMIIA), more than 50,000 homeowners' insurance claims were filed totaling \$2.3 billion in damages.

Travelers Insurance published an article in the "Insurance Journal" dated January of 2019, which pertained to insured losses from catastrophes in 2017 and 2018. They have reached \$234 billion combined. There were significant disasters during both years from wildfire, winter weather, tornado, hail and hurricane events which has impacted property rates across the nation. This is due to the fact that rates have been inadequate following several years of declining rates and increased severity claims.

In August of this year, The National Insurance Crime Bureau, released a three-year analysis of insurance claims associated with hailstorms in the US. Texas and Colorado continue to be the top two states, Colorado ranked #2. According to a review of claims data from ISO Claim search, there were a total of 2,891,291 hail loss claims from January 1, 2016 through December 31, 2018 in the US. Colorado had 395,025 hail loss claims during that period of time.

Due to the costly impact of wind and hail claims, many insurance carriers are either no longer providing insurance for multifamily HOA's or adding larger percentage deductibles for wind and hail claims in order to stay in the business of insuring multi-family properties.

The board of directors recently completed a comprehensive review of the HOA's insurance policies. It was determined that there were coverages within the policy that could be improved

Star Canyon Condominiums Homeowners Association, Inc.

*c/o KC & Associates, LLC
10106 W. San Juan Way, Suite 210
Littleton, CO 80127-0009
303-933-6279*

upon. However, there is an increase in the wind and hail deductible to 5% of the value of the damaged building.

With the increased wind and hail deductible the board has determined that if a wind or hail storm causes damage to the buildings, the deductible will be passed onto the homeowners to contribute to the cost of repair through a "special assessment".

The best way to offset the expense that you could be financially responsible for is through an endorsement to your unit owners, HO-6 policy, called "loss assessment". "Loss assessment" pays for an unexpected assessment that you may have to pay as a result of damages related to the building and other structures your condo/townhome is part of. Per the recommendation of the board, the cost of the wind and hail deductible will be shared by each owner. The recommended amount of "loss assessment" insurance you should purchase is **\$15,800. The 5% deductible of \$22,749,260 divided by 72 units = loss assessment in the amount of \$15,800. The minimum amount you should purchase is \$16,000.**

We recommend you speak to your insurance agent to understand what amount of loss assessment is available to add to your HO6 policy. Make sure to ask about exclusions and limitations for wind and hail or HOA deductibles on the loss assessment coverage, as it varies from one insurance carrier to another. Do not rely on the HOA building insurance to protect you from all types of losses. Every owner should have their own personal insurance policy to cover their personal property, personal liability and upgrades to your unit according to the association declarations to avoid unexpected costs as a result of a loss. We recommend you take time to talk to your insurance agent and review your insurance policy along with the declarations of the association to confirm you have the right coverage in place to protect your assets.

Should you have any questions please contact Angie Johnson. She will be happy to assist you.

Kindest Regards,
Board of Director's
Star Canyon