

September 01, 2020

Dear Parkside Owner:

As you may be aware, Maryland law has allowed (since June 01, 2009), for the automatic shift of the Association's Master Policy property damage deductible – not to exceed \$5,000 – to the unit owner in whose unit a loss originates (including from a component that services only that unit).

During the 2020 session, the legislature passed, and the governor signed bills that will increase an owner's deductible responsibility from \$5,000 to \$10,000. **The new law takes effect October 01, 2020.**

The new law further clarifies that the deductible for losses that originate from a common area, a common element, or outside the common elements is an Association responsibility.

The law only applies when an Association's property damage deductible is \$10,000 or more, and Parkside has elected to increase its Property damage deductible from \$5,000 to \$10,000 effective October 01, 2020.

At this time, we encourage all owners to make certain they are properly insured so that if a loss originates in your unit or from a component that services only your unit, your deductible responsibility can be insured under your HO-6/condominium unit owners policy.

HO-6 carriers that presently insure the \$5,000 deductible responsibility amount should not have any issue covering the increased \$10,000 deductible responsibility amount, and the average annual cost to increase this responsibility is \$17-\$20. It may be necessary for you to compare coverages among HO-6 carriers. State Farm, Allstate, Nationwide, Erie, Farmers, Travelers, and USAA (for military, former military, and dependents) are some good carriers to contact.

Depending on the carrier providing HO-6 coverage, deductible responsibility can be covered under:

- 1) **The Dwelling A. coverage limit.** This is typically a limit written to insure any improvements and betterments in your unit, but it can also cover the uninsured portion of a property loss (the deductible). We recommend that you carry at least \$10,000, also taking into consideration the value of any improvements and betterments, alterations, or additions you may have made to your unit or acquired from previous owners.
- 2) **Liability Loss Assessment.** This coverage form is also triggered if the Association has a large loss or judgment that the Association's policies do not fully cover. Most HO-6 policies include a minimal amount of \$1,000. We recommend that you carry \$10,000.

Please contact your carrier now to make sure you are covered for your deductible responsibility. If you do not presently carry an HO-6 policy, please consider purchasing one. The Association can still collect the deductible amount up to \$10,000 from you even if you do not carry your own policy. In addition to insuring your deductible responsibility, a well-written HO-6 policy can be written to protect any improvements and betterments you have made to your unit or acquired from a previous owner (the Master Policy only covers your unit as it was originally conveyed), your personal property/contents, and loss of use/additional living expense (should you be forced out of your unit following a loss and need to live elsewhere). The average cost of an HO-6 policy is \$400; higher coverage limits and scheduled valuables may incur additional premium.