

PIER 3 CONDOMINIUM ASSOCIATION  
Administrative Resolution

Policy Regarding Individual Homeowner Insurance, Evidence of Insurance  
and Insurance Deductible Expenses

WHEREAS, The Pier 3 Board of Directors is charged with the responsibility and the authority to obtain insurance for the purpose of protecting the property and liability of the Pier 3 Community pursuant to Article XI "Insurance" of the Association's Declaration of Condominium; and

WHEREAS, The Pier 3 Board of Directors has the authority to make decisions concerning the business aspects of the Association, pursuant to Article IX "Powers of the Executive Board" of the Association's Declaration of Condominium; and

WHEREAS, The Pier 3 Board of Directors has identified that there is a need to improve the condominium association's claim loss frequency and exposure in order to maintain the cost-effective insurability of the Pier 3 Condominium Association, thereby protecting the interests of all Association members; and

WHEREAS, The Pier 3 Board of Directors recognizes that the Association's annual budget does not include a line item for the payment of insurance deductible expenses and accordingly the Association does not have annual funding for payment of these claims; and

WHEREAS, The Pier 3 Board of Directors recognizes that the Association's annual budget does not include a line item for the payment of betterments and improvements, and the Pier 3 Declaration of Condominium Article XI, "Insurance", Section 11.1 (b) requires coverage exclusive of betterments and improvements; and

WHEREAS, Article XI2(f) grants the authority to require all Unit Owners to carry insurance for the all items defined in Article IV "Unit Boundaries" as well as damages to an adjacent Unit if sourced from the Unit components noted in Article IV and as stated in the Pennsylvania Condominium Law, Section 3307 "Upkeep of Condominium"

NOW THEREFORE BE IT RESOLVED, for the efficient and proper administration of the Association, The Pier 3 Board of Directors shall and does hereby adopt the following policy:

A) Unit owners are required to maintain proper and adequate insurance coverage for their condominium and to provide the Association with a certificate of insurance evidencing the same and at the renewal of said policy. Unit owners are encouraged to communicate with a licensed agent in order to ensure adequate coverage for their condominium and its contents.

B) Unit owners who sustain damage to their individual condominium are requested to first report that damage to their insurance carrier for coverage. In the event that the individual homeowner's policy does not cover the loss, the claim may then be reported to the Association's master policy only for claims arising from damages sustained from common elements. The Association will not submit a claim to the Association's Provider for Unit to Unit claims.

C) The Association does not budget for insurance deductible expenses. Therefore, unit owners are responsible for payment of all insurance deductibles under any of the Association's policies to the extent the unit owner's particular unit is affected by the covered loss.

D) Insurance deductibles for property loss will be allocated in the following manner:

*1) A loss applying totally to common element -the deductible will be 100% Association expense.*

*2) A loss applying totally to unit elements -the deductible will be a 100% Unit Owner expense. If more than one unit is involved, the deductible will be apportioned proportionately based on the percentage of each claim amount to the total claim.*

*3) A loss applying to both common elements and unit elements -the deductible will be apportioned proportionately to the Unit Owner(s) and the Association based on the percentage of each claim amount to the total claim.*

E) In the event the Association's master policy is affected and to the extent it becomes necessary for the Association to become involved in processing a claim, the Association is only required to respond to the repair estimate performed by the adjuster assigned by the master policy insurer outlining those repairs that are covered by the master policy insurer. The Association shall have the authority to direct any unit owner requiring repairs to their unit due from a casualty loss to obtain a fully detailed repair estimate from a qualified licensed contractor for the necessary repair work. The Association shall have the authority to obtain reasonable proof that all repairs have been satisfactorily completed before a claim is finalized.

F) In the event that the Association must respond to the containment or mitigation of the possible damages to a Unit, the Association will engage a licensed Restoration Service Provider and will have the right of egress, pursuant to Article IX(5) to perform such containment services.

G) The Association will not be responsible for the payment for the repairs to the betterments and improvements to any Unit that sustains damages from any source.

BE IT FURTHER RESOLVED that the above provision dealing with the owner's obligation to pay insurance deductibles in the event of an insured loss shall have no affect on the owner's obligation for the payment for maintenance and repairs necessitated by the negligent or intentional act of the unit owner, his agents, guests, or tenants. In those situations, the unit owner's obligation to make payment for costs of repairs, damages and expenses, including counsel fees and costs, arising out his/her own negligence or the negligence of his/her tenants, occupants or guests shall be governed by the provisions of the Association's Declaration of Condominium.

BE IT FURTHER RESOLVED that the Council shall evaluate the amount of the Association's coverage deductibles from time to time and shall modify the limits as it benefits the Association in their judgment.

Pier 3 Condominium Association

BY: \_\_\_\_\_ DATED: \_\_\_\_\_  
Jason DiEgidio, President

BY: \_\_\_\_\_ DATED \_\_\_\_\_  
Janet Edelman, Secretary