

**INSURANCE CLAIMS POLICY**  
**WAVECREST RESORT AOA**

**Purpose:**

This policy clarifies operational policies, establishes action to be taken in the event of property damage in the **Wavecrest Resort** buildings and describes insurance considerations by apartment (**unit**) owners for claim(s).

**Background.**

The Association contracts for several types of insurance coverage. Of particular importance is the policy used most of the time for claim(s) arising from damage to property. The deductible for this policy is **\$11,000 per occurrence.**

Your Board is concerned over the increased frequency of water claim(s). The Board has adopted a water damage policy mandating action after water damage and specifying conditions for possible insurance claims payments.

**Water Claims**

1. If at all possible, stop the cause of the claim. Shut off the water
2. Call the Resident Manager immediately and advise of the situation. He/She will check for damage to units below and on the side of your unit.
3. Call in the plumber to repair the pipe or appliance that leaked. To assist resident(s)/owners(s), the Resident Manager has a list of licensed plumber(s)/contractors(s), many of whom have previously worked in **Wavecrest** buildings. These vendors have agreed to provide a report of their action(s) taken and necessary details to determine the cause(s) of the problem.
4. Call in the appropriate people to clean up i.e. extractors to dry out carpet, etc.
5. Call your homeowners carrier and report the claim.
6. Resident Manager will send an incident report to the Account Executive.

**Insurance Considerations.**

Because the damage to personal property is **not** covered under the Association insurance, owners should include all personal items under their own personal property insurance policies with appropriate and affordable deductibles.

1. Water damage claims – **Wavecrest Resort** insurance policy will usually cover damage to apartment wall(s) and floor(s) (except for special replacements more costly than the original coverage i.e. “upgrades”) **but not furniture or other personal property.**

If a water damage claim(s) is “not covered” by the **Wavecrest Resort** insurance policy, the Association has no responsibility for paying the claim..

2. **Common Elements** – All areas and structures of the building which are not part of a unit are considered “common” and are covered by the Association insurance policies. “Vertical” drainpipes are common elements, which the Association is responsible to repair and maintain; “Feeder” drainpipes, water closets, showers/tubs, kitchen sinks, water supply pipes, hoses and connections within apartment “are not” common elements. **Maintenance of these items and conduit are the responsibility of the unit owner(s).**
3. Where a damage claim is attributable to the malfunction of personally owned fixtures of appliances, or from abuse or negligence by the resident, the Apartment owner will be responsible for payment of the insurance deductible or actual costs if less.

### **Fire Claim**

1. Call 911. Give them specific details especially you unit number.
2. Sound the fire alarm.
3. Close your door and leave the unit – do not lock your door.
4. Instantly report to the Resident Manager.

### **Liability Claim**

1. If necessary call 911 to provide medical attention
2. Report the incident to the Resident Manager
3. Get the names and phone numbers of the injured person(s)
4. Get the names and phone numbers of any witnesses
5. Call your homeowners carrier and report the claim
6. Resident Manager will send an incident report to the Account Executive

Owner Insurance Resolution

Board of Directors – Wavecrest Resort, Inc.  
July 6, 2007

**Be It Resolved**, that in consideration of the insurance Consent approved by the majority of owners by ballot vote at the Annual Meeting of March 15, 2007, the Board of Directors hereby adopts the following Owner Insurance Resolution:

**Owner Insurance:** All unit owners are hereby required to carry reasonable types and levels of insurance which will include but not be limited to the following:

Unit owners will obtain a **Homeowner Policy** to insure their personal contents or household goods, improvements made to the unit by the present owner or a former owner, the cost to live elsewhere while the unit is being repaired, and loss assessment.

Unit owners will also provide **Personal Liability Coverage**. The liability of a unit owner shall include but not be limited to the deductible of the owner whose unit was damaged, any damage not covered by insurance required by subsection 514B-143(g) as well as the decorating, painting, wall and floor coverings, trim, appliances, equipment and other furnishings.

If the unit owner does not purchase or produce evidence of insurance requested by the board, the directors may, in good faith, purchase the insurance coverage and charge the reasonable premium cost back to the unit owner. In no event is the Association or Board liable to any person either with regard to the failure of a unit owner to purchase insurance or a decision by the Board not to purchase the insurance for the owner, or with regard to the timing of its purchase of the insurance or the amounts or types of coverage's obtained.

This Resolution is adopted according to Section 514B-143(g) Condominium Law State of Hawaii and will take effect immediately upon distribution to each Association member.



Michael C. Nicholls  
President, Wavecrest AOA