

## INSURANCE FACTS

### for Unit Owners at Park Gate Condominium

(Edison, New Jersey)

Period: 05/15/15 to 05/15/16

### Insurance Provided by your Association through JGS

Park Gate Condominium Association's Master Insurance provides property insurance for the Association's buildings, property, and residential buildings.

In the residential buildings your Association's insurance also includes some property coverage for the condominium "unit". Please refer to Page 2 "Property Insurance Coverage for the Unit" to determine your insurance needs as a unit owner.

Your Association's insurance also provides, with respect to the Association's premises and operations: public liability insurance.

**Unit owners and tenants are encouraged to purchase personal insurance to protect their exposures to loss.**

### Unit Owners Insurance Responsibility

Without exception, a **"condominium unit owner policy"** should be purchased by **every unit owner who occupies their condominium unit as their primary residence**. Please refer to Page 2: "Property Insurance Coverage for the Unit" to determine what you need to insure personally. Then, share this entire 4-page article with your personal insurance representative and purchase whatever insurance that suits your needs.

The condominium unit owner's policy can include coverage for unit upgrades; personal property; additional living expenses; personal liability; loss assessment; scheduled valuables; and residence worker's compensation. To suit your particular needs, please consult with your insurance representative. For illustration purposes this article includes a description of a condominium unit owner's policy and an example of limits on pages 3 and 4. These may not meet the needs of your personal situation in limits or scope of losses covered. That's why it is important to consult with your personal insurance representative.

**Unit owners who lease their unit to a tenant or occupy their unit as a second residence still need unit owner's insurance** to cover their unit upgrades, loss assessment, fair rental value or additional living expenses, personal property and personal liability. These owners should consult with their insurance representative to determine the best method of purchasing this insurance.

The tenant is responsible for their own personal property, additional living expenses and personal liability. **Tenants of units should purchase a Tenant's or Renter's insurance policy.**

**Property Insurance Coverage for “Unit” at Park Gate Condominium  
( 05/15/15 to 05/15/16) - Detailed Description)**

**“Unit” items Covered by Association’s Master Insurance**      The unit’s partition walls; built-in electric, plumbing, fixtures and cabinets; floor, ceilings and walls; windows, structural glass and doors; heating and air-conditioning; and major appliances **and similar property of the condominium “unit” according to the next paragraphs titled “Association’s Master Insurance”.**

**Association’s Master Insurance**      The Association’s Master Insurance covered property includes the value of above items and any property included in “units” which was initially installed in accordance with your condominium’s original plans and specifications (or a replacement of like kind and quality of such property) after a \$5,000 deductible.

Original plans and specifications of the Association’s Master Insurance includes the standard options offered by the builder in the original plans and specifications that were purchased and installed with the original construction.

The Master Insurance provides that the loss settlement/value will be the cost of repair or replacement (new for old) but only for the same quantity, quality or kind as provided in the original “unit” after a \$5,000 deductible.

The Master Insurance provides direct damage to covered property from loss caused by Fire, Extended Coverage and Special Causes of Loss Perils as prescribed by your Association’s Master Deed and By Laws.

The Master Insurance does not provide coverage for Loss caused by Earthquake and loss caused by Flood. Unit owners can purchase individual flood insurance coverage for their Units and Personal Property from the National Flood Insurance Program and Earthquake insurance from their Homeowner policy insurer. Consult with your personal insurance advisor or company representative.

**Unit Owner’s Responsibility**      **Each unit owner is responsible for insuring the value of additions & alterations upgrades to their “unit” that were installed when the “unit” was first built or that have taken place since the original construction. Even without upgrades, at the minimum you should purchase \$5,000 additions and alterations coverage to cover the \$5,000 loss deductible.**

**Each Unit owner is also responsible for insuring their personal property (contents of their unit); additional living expenses or fair rental value if their unit is damaged; personal liability; valuable articles and any other personal insurance needs.**

**We recommend you share a copy of these facts with your personal insurance representative and consult with them about personal insurance you may want to purchase to cover your needs.**

## UNIT OWNERS INSURANCE DESCRIPTION

Every condominium owner needs personal insurance for their Unit.

Those owners that occupy their unit as their primary residence should purchase a condominium unit owners policy. The unit owner's policy is a package of insurance coverages that can be tailored to meet your specific needs and budget. The Package is similar to homeowners insurance because the standard policy includes coverages for: additions and alterations to your unit, your personal possessions, your additional living expenses if your unit is damaged by a covered loss and is temporarily uninhabitable, your personal liability and loss assessment coverage. Those owners that occupy their unit as a secondary residence should consult with their insurance representative to determine the best method of placing the insurance coverages you desire.

Those owners that rent their unfurnished unit to a tenant still need additions and alterations coverage as described in the preceding paragraph, loss of rental income if their unit is damaged by a covered loss and is temporarily uninhabitable, personal liability and loss assessment coverages. Tenants need to purchase a policy that insures their personal possessions, additional living expenses and personal liability.

We suggest you modify the additions and alterations coverage part of your personal insurance policy to include "all risk" and "replacement cost" coverage. Additions and alterations would cover any extra fixtures or upgrades made to your unit by you or prior owners in your unit. These upgrades are your insurance responsibility. Determine the value of any upgrades and request the appropriate limit of "Additions and Alterations All Risk Replacement Cost" from your insurer.

Choose an appropriate limit to cover the full replacement cost of your personal possessions. Specify the "Replacement Cost" value endorsement. By doing so, your insurer will not deduct for depreciation when they pay you for a covered loss. You also may want to specify "All Risk" coverage for your personal possessions. This broadens the type of losses covered. The cost of adding "All Risk" to your personal possessions might increase your policy premium by 25%. By specifying "All Risk", you will be purchasing insurance that responds to more kinds of losses than the standard policy because the "All Risk" coverage is only limited by the policy exclusions. A Personal liability limit of \$500,000 or more is inexpensive. Valuable personal articles such as jewelry, furs, collections, art objects, and other high value, rare or fragile items should be specifically listed and insured on the policy for their appraised value and for the broadest causes of loss perils available.

**We suggest you share a copy of this entire 4-page article with your insurance agent, broker or company representative. Then discuss your specific needs with them and make an appropriate insurance purchase decision.**

**ILLUSTRATION ONLY: THIS IS NOT A BINDER OF INSURANCE**

**Coverage Example-Limits illustrated are for example only  
at Park Gate Condominium, Edison, NJ**

**Condominium Unit Owner's Policy Example**

<u>Limits</u>	<u>Coverage</u>
\$15,000	Additions, alterations, upgrades to your "unit". We suggest "All Risk" endorsement and Replacement cost endorsement.
\$150,000	Personal property of the unit owner. We suggest "All Risk" endorsement and Replacement cost endorsement.
\$60,000	Additional living expenses or fair rental value.
\$10,000	Loss assessment coverage.
\$500,000	Comprehensive personal liability, including personal injury. We suggest you also purchase a personal excess liability or personal umbrella liability policy to achieve a higher than \$500,000 protection limit as you may desire.
\$5,000	Premises medical payments.
N.J. Law	New Jersey Worker's Compensation with respect to residence employees.

**Personal Insurance Note:**

All personal insurance policies state that certain types of personal property including money, jewelry, furs, fine arts, collectibles, and other valuables or fragile items have limited coverage or restrictions. You may want to schedule these special items and pay an additional premium for higher limits, valuation, and/or broader coverage. Most policies do not include loss caused by earthquake, land movement and flood. Find out if your insurer will include earthquake coverage in your home insurance policy if you desire. You most likely will have to purchase a separate flood insurance policy if you desire the coverage for your "unit" and your contents. Also ask for any other insurance protection that you deem necessary.

Many insurers that we represent reserve the "condominium unit owners policy" for owners who occupy their units as their primary residence. If your unit is not your primary residence you can still purchase the insurance coverages that you desire to suit your situation. Consult with your insurance agent, broker or insurance company representative to determine the best method of doing so as well as assisting you with all of your personal insurance needs.

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SEEK THE ADVICE OF YOUR INSURANCE AGENT OR REPRESENTATIVE.**

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