



2nd Annual Legal & Legislative Symposium
October 23, 2014

Casualty Damage What Now? What Could We Have Done?

Richard Bouvier, CIC
Bouvier Insurance

Edward S. Hill, Esq.
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Presenters

Richard Bouvier, CIC
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Rich Bouvier is a partner with Bouvier Insurance, an insurance agency that that his father Robert F. Bouvier founded in 1959. Rich has focused his insurance career towards condominium master insurance along with personal lines and commercial insurance since joining the family insurance agency in 1999. He holds the CIC (Certified Insurance Counselor) designation of The National Alliance for Insurance Education & Research.

Whether your association is 2 units or 1,002 units, Rich can custom tailor a set of coverages to suit your needs. Rich is currently the President of Community Association Institute – Connecticut Chapter (CAI-CT) and a member of the Legislative Action Committee. His involvement with CAI-CT and the condominium industry dates back the beginning of his career in 1999 with multiple articles published in *Common Interest* magazine.

Rich graduated from the University of Connecticut with a degree in Psychology in 1999 with ancillary focuses in Sociology and Anthropology.

Rich, a lifelong resident of West Hartford, is an active outdoorsman and an assistant scoutmaster of Boy Scout Troop 44 in West Hartford, CT where he earned the coveted rank of Eagle Scout in 1995.

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Edward S. Hill is a partner in the Cheshire, Connecticut law firm of Cappalli & Hill, LLC. He has broad and in-depth experience in the creation and operation of condominiums, cooperatives and planned communities. He is a lead author of the *Connecticut Common Interest Ownership Manual, Second Edition*, published in 2013 by the Connecticut Bar Association, which contains revised and updated model condominium documents and extensive commentary on requirements and best practices for condominium creation and operation. He is a member of the CAI Lawyers Council and served on the Connecticut Law Revision Study Committee which developed the 2008 Amendments to the Connecticut Common Interest Ownership Act. He has made presentations on common interest community law at Connecticut Bar Association annual and Real Property Section meetings and at CAI – Connecticut Chapter programs.

He is a graduate of Trinity College, Hartford, Connecticut and an honors graduate of the University of Connecticut Law School and is licensed to practice law in Connecticut, Rhode Island and Massachusetts. Mr. Hill has been listed in Connecticut and New England SuperLawyers® every year since 2006. He is also a member of The Counselors of Real Estate, a highly-selective, invitation only organization of professionals that provide real estate counseling services to their clients.

**CAI-CT Legal and Legislative Symposium
October 23, 2014**

Casualty Damage – What Now? What Could We Have Done?

Presenters:

Richard Bouvier, CIC, Bouvier Insurance, West Hartford, Connecticut
Edward S. Hill, Esq., Cappalli & Hill, LLC, Cheshire, Connecticut

Moderator:

Rich Wechter, Westford Real Estate Management, Vernon, Connecticut

I. Required Insurance Coverage

A. Property insurance – 47-255 - Handout

1. Property covered
 - a. Common elements
 - b. Units – explanation of required coverages of units
2. Risks covered – “direct risks of physical loss commonly insured against”
 - a. Other risks covered under standard condo policy
 - b. Savings opportunities
3. Amount of coverage – “after application of deductibles shall be not less than 80% of actual case value of the insured property at the time the insurance is purchased and at each renewal”
 - a. What amount is generally purchased – replacement cost
 - b. Savings opportunities
4. Deductible – “reasonable deductible”
 - a. Standard deductible amount
 - b. Savings opportunities
5. Non-submission of claims to improve claims history

- B. Other required insurance [Just a mention of this]
 - 1. Commercial general liability – including medical payments insurance

Amount of coverage “amount determined by executive board not less than the amount stated in the declaration covering all occurrences commonly insured against for bodily injury and property damage in connection with use, ownership or maintenance of the common elements”

- 2. Fidelity coverage
- 3. Flood insurance

II. The Casualty Occurs

- A. Association obligation to repair or replace

- B. Collecting the Insurance

- 1. Master policy is primary – not exclusive
- 2. HO-6 coverages
- 3. Scenarios for making claim and collecting insurance proceeds

- C. Payment for repair or restoration

- 1. Association duty to repair subject to limited exclusions – 47-255(h)
- 2. Cost is common expense – must allocate among all units subject to permitted special allocations under 47-257(c) as provided in the declaration
- 3. If there is a deductible, then by definition there isn't enough money

Loss assessment – against all unit owners – covered under HO-6

- D. Collection of Deductibles other than through loss assessment

- 1. No right of subrogation in master policy – if a unit owner or member of owner's family causes a loss - insurance company has given up its right to recover from the negligent person.
- 2. Allocation of deductible to non-negligent unit owner isn't allowed.
- 3. If adopt maintenance standard (47-257(e)) the failure to comply imposes liability on guilty unit owner for excess common expense over insurance proceeds.

4. Negligence recovery from at-fault unit owner
 - a. common law - association claim – neighbor’s HO-6 insurer
 - b. contrary argument based on 47-257(e).
- E. Declaration Provisions to place losses where there is insurance – need declaration amendment – could be part of update after 2009 CIOA amendments.
 1. If damage only to common elements – master policy proceeds all applied – any deficiency (e.g., deductible) gets assessed to all and gets covered under loss assessment coverage - \$1,000 is standard – if \$10,000 deductible then should easily cover if 10 or more units.
 2. If damage to only to unit – then assess against unit based on 47-255(c)(2) – since max exposure is repair cost – should be covered by HO-6.
 3. If damage to common elements and units – assess pro rata cost against affected units under 47-255(c)(2) – coverage from HO-6 and balance as general common expense – coverage under loss assessment coverage.

III. Questions

Additional Materials:

- Section 47-255 and 47-257 from the Connecticut Common Interest Ownership Act
- HO-6 coverages
- Master policy coverages

Connecticut Statutes

Title 47. LAND AND LAND TITLES

Chapter 828. COMMON INTEREST OWNERSHIP ACT

Current through the 2014 Regular Legislative Session

§ 47-255. Insurance

(a) Commencing not later than the time of the first conveyance of a unit to a person other than a declarant, the association shall maintain, to the extent reasonably available and subject to reasonable deductibles: (1) Property insurance on the common elements and, in a planned community, also on property that must become common elements, insuring against those risks of direct physical loss commonly insured against, which insurance, after application of any deductibles shall be not less than eighty per cent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies; (2) flood insurance in the event the condominium is located in a flood hazard area, as defined and determined by the National Flood Insurance Act, as amended, USC 42 Section 4101, P.L. 93-234, and the unit owners by vote direct; (3) commercial general liability insurance, including medical payments insurance, in an amount determined by the executive board but not less than any amount specified in the declaration, covering all occurrences commonly insured against for bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the common elements and, in cooperatives, also of all units; and (4) fidelity insurance. Subsection (b) of section 47-255 of the general statutes is repealed and the following is substituted in lieu thereof:

(b) (1) In the case of a building that contains units divided by horizontal boundaries described in the declaration, or by vertical boundaries that comprise or are located within common walls between units, the insurance maintained under subdivision (1) of subsection (a) of this section, to the extent reasonably available, shall include the units, and all improvements and betterments installed by unit owners, unless the declaration limits the association's authority to insure all improvements and betterments or the executive board decides, after giving notice and an opportunity for unit owners to comment, not to insure such improvements and betterments. In the case of common interest communities containing more than twelve units, unless the association insures all improvements and betterments, the association shall:

(A) Prepare and maintain a schedule of the standard fixtures, improvements and betterments in the units, including any standard wall, floor and ceiling coverings covered by the association's insurance policy;

(B) Provide such schedule at least annually to the unit owners in order to enable unit owners to coordinate their homeowners insurance coverage with the coverage afforded by the association's insurance policy; and

(C) Include such schedule in any resale certificate prepared pursuant to section 47-270.

(2) The provisions of this subsection shall not apply to a building in a common interest community that has not more than two units divided by a single horizontal or vertical boundary unless such common interest community voluntarily chooses to comply with this subsection.

(3) Include such schedule in any resale certificate prepared pursuant to section 47-270.

(c) If the insurance described in subsections (a) and (b) of this section is not reasonably available, the association promptly shall cause notice of that fact to be given to all unit owners pursuant to section 47-261c. The declaration may require the association to carry any other insurance, and the association may carry any other insurance it considers appropriate to protect the association or the unit owners.

(d) Insurance policies carried pursuant to subsections (a) and (b) of this section shall provide that: (1) Each unit owner is an insured person under the policy with respect to liability arising out of his interest in the common elements or membership in the association; (2) the insurer waives its right to subrogation under the policy against any unit owner or member of his household; (3) no act or omission by any unit owner, unless acting within the scope of his authority on behalf of the association, will void the policy or be a condition to recovery under the policy; and (4) if, at the time of a loss under the policy, there is other insurance in the name of a unit owner covering the same risk covered by the policy, the association's policy provides primary insurance.

(e) Any loss covered by the property policy under subdivision (1) of subsection (a) and subsection (b) of this section shall be adjusted with the association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the association, and not to any holder of a security interest. The insurance trustee or the association shall hold any insurance proceeds in trust for the association, unit owners and lien holders as their interests may appear. Subject to the provisions of subsection (h) of this section, the proceeds shall be disbursed first for the repair or replacement of the damaged property, and the association, unit owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or replaced, or the common interest community is terminated.

(f) An insurance policy issued to the association does not prevent a unit owner from obtaining insurance for his own benefit.

(g) An insurer that has issued an insurance policy under this section shall issue certificates or memoranda of insurance to the association and, on request made in a record, to any unit owner or holder of a security interest. The insurer issuing the policy may not cancel or refuse to renew it until sixty days after notice of the proposed cancellation or nonrenewal has been mailed to the association, each unit owner and each holder of a security interest to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

(h)(1) Any portion of the common interest community for which insurance is required under this section which is damaged or destroyed shall be repaired or replaced promptly by the association unless (A) the common interest community is terminated, in which case section 47-237 applies, (B) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety, or (C) eighty per cent of the unit owners, including every owner of a unit or assigned limited common element that will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves, regardless of whether such excess is the result of

the application of a deductible under insurance coverage, is a common expense.

(2) If the entire common interest community is not repaired or replaced, (A) the insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the common interest community, and (B) except to the extent that other persons will be distributees, (i) the insurance proceeds attributable to units and limited common elements that are not rebuilt shall be distributed to the owners of those units and the owners of the units to which those limited common elements were allocated, or to lien holders, as their interests may appear, and (ii) the remainder of the proceeds shall be distributed to all the unit owners or lien holders, as their interests may appear, in proportion to the common expense liabilities of all the units.

(3) If the unit owners vote not to rebuild any unit, that unit's allocated interests are automatically reallocated on the vote as if the unit had been condemned under subsection (a) of section 47-206, and the association promptly shall prepare, execute and record an amendment to the declaration reflecting the reallocations.

(i) The provisions of this section may be varied or waived in the case of a common interest community all of whose units are restricted to nonresidential use.

Cite as Conn. Gen. Stat. § 47-255

Source:

(P.A. 83-474, S. 56, 96; P.A. 93-239, S. 11; P.A. 07-68, S. 3.)

History. Amended by P.A. 11-0195, S. 5 of the 2011 Regular Session, eff. 10/1/2011.

Amended by P.A. 09-0225, S. 29 of the 2009 Regular Session, eff. 7/1/2010.

P.A. 93-239 amended Subsec. (g) to require 60, rather than 30, days' notice of cancellation or renewal for insurers issuing policies for condominium associations; P.A. 07-68 amended Subsec. (a) to insert new Subdiv. (2) requiring association to maintain flood insurance in the event condominium is located in flood hazard area, as defined and determined by National Flood Insurance Act and unit owners by vote direct, and redesignate existing Subdiv. (2) as Subdiv. (3), and amended Subsec. (h)(1) to specify that common expenses include any excess resulting from applicable insurance deductible.

Case Notes:

Cited. 208 C. 318.

Cited. 38 CA 420

Connecticut Statutes

Title 47. LAND AND LAND TITLES

Chapter 828. COMMON INTEREST OWNERSHIP ACT

Current through the 2014 Regular Legislative Session

§ 47-257. Assessments for common expenses. Assessments due to wilful misconduct, failure to comply with standards or gross negligence

(a) Until the association makes a common expense assessment, the declarant shall pay all common expenses. After an assessment has been made by the association, assessments shall be made at least annually, based on a budget adopted at least annually by the association.

(b) Except for assessments under subsections (c), (d) and (e) of this section, or as otherwise provided in this chapter, all common expenses shall be assessed against all the units in accordance with the allocations set forth in the declaration pursuant to subsections (a) and (b) of section 47-226. The association may charge interest on any past due assessment or portion thereof at the rate established by the association, not exceeding eighteen per cent per year.

(c) To the extent required by the declaration: (1) Any common expense associated with the maintenance, repair or replacement of a limited common element shall be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the declaration provides; (2) any common expense or portion thereof benefiting fewer than all of the units or their owners may be assessed exclusively against the units benefited; and (3) the costs of insurance shall be assessed in proportion to risk and the costs of utilities shall be assessed in proportion to usage.

(d) Assessments to pay a judgment against the association may be made only against the units in the common interest community at the time the judgment was rendered, in proportion to their common expense liabilities.

(e) If any common expense is caused by the wilful misconduct, failure to comply with a written maintenance standard promulgated by the association or gross negligence of any unit owner or tenant or a guest or invitee of a unit owner or tenant, the association may, after notice and hearing, assess the portion of that common expense in excess of any insurance proceeds received by the association under its insurance policy, whether that portion results from the application of a deductible or otherwise, exclusively against that owner's unit.

(f) If common expense liabilities are reallocated, common expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated common expense liabilities.

(g) No unit owner may exempt himself from liability for payment of the common expenses by waiver of the use or enjoyment of any of the common elements or by abandonment of the unit against which the assessments are made.

Cite as Conn. Gen. Stat. § 47-257

Source:

(P.A. 83-474, S. 58, 96; P.A. 84-472, S. 15, 23.)

History. Amended by P.A. 09-0225, S. 31 of the 2009 Regular Session, eff. 7/1/2010.

P.A. 84-472 amended Subsec. (e) providing "notice and hearing" before assessment and added Subsec. (g) prohibiting a unit owner from exempting himself from liability for payment of the common expenses by waiver of the use or enjoyment of the common elements or by

abandonment of the assessed unit, formerly Subsec. (k) of Sec. 47-258.

Case Notes:

Subsec. (g):

Cited. 38 CA 420.



QBE INS
CORPORATION

Member of the QBE Insurance Group

Community Association Insurance Quotation

Association Type: **Residential Condominium**

CUSTOMER NUMBER:

QUOTATION DATE: **09/30/2014**

Name Insured: **Condominium Association, Inc.**

Address:

QUOTATION - POLICY PERIOD

FROM: **10/15/2014** TO: **10/15/2015**

QUOTATION PREMIUM

This quotation is based on information received from the applicant. Although the rules and rates shall remain in effect for the applicant for 60 days from the Quotation date, the premium quoted is an estimate only and is subject to adjustment. All coverage will be subject to the declarations, terms, conditions and exclusions of the actual policy. Coverage may also be subject to inspection of the premises.

DESCRIPTION OF PREMISES

Coverage is provided for two three-story brick veneer condominium buildings containing fifty-four residential units. The premises is located at

Please review the above description including specific street addresses and advise your agent of any discrepancies.

Agency: **Bouvier Insurance
29 North Main Street
West Hartford, CT 06107**



Community Association Underwriters of America, Inc.
2 Caufield Place
Newtown, PA 18940

VALUATION

A/C	MEANS ACTUAL COST	G/R/C	MEANS GUARANTEED REPLACEMENT COST *
A/C/V	MEANS ACTUAL CASH VALUE	I/R/C	MEANS INCREASED REPLACEMENT COST
A/L/S	MEANS ACTUAL LOSS SUSTAINED	M/V	MEANS MARKET VALUE
A/V	MEANS APPRAISED VALUE	R/C	MEANS REPLACEMENT COST
F/V	MEANS FACE VALUE		

PROPERTY DIRECT COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
* BUILDING AND STRUCTURES BUILDINGS	Guaranteed Replacement Cost	G/R/C	\$5,000 *
STRUCTURES	Guaranteed Replacement Cost	G/R/C	\$5,000
"UNITS" AND PRIVATE STORAGE AREAS ORIGINAL SPECIFICATIONS	Guaranteed Replacement Cost	G/R/C	\$5,000
ADDITIONAL INSTALLATIONS	Guaranteed Replacement Cost	G/R/C	\$5,000
COMMUNITY PERSONAL PROPERTY	Guaranteed Replacement Cost	G/R/C	\$5,000
STRUCTURAL GLASS AND SIGNS	Guaranteed Replacement Cost	G/R/C	\$250
BRIDGES, BULKHEADS, DOCKS, PIERS, RETAINING WALLS, WHARVES	\$10,000	R/C	\$500
SATELLITE DISHES AND ANTENNAS	\$10,000	R/C	\$500
NATURAL PROPERTY	\$10,000	R/C	\$0
Maximum per tree, plant, shrub, or lawn	\$500	R/C	\$0
NEWLY ACQUIRED OR CONSTRUCTED PROPERTY			
NEWLY ACQUIRED BUILDINGS AND STRUCTURES	\$250,000	R/C	\$5,000
NEWLY CONSTRUCTED BUILDINGS AND STRUCTURES	\$250,000	R/C	\$5,000
NEWLY ACQUIRED COMMUNITY PERSONAL PROPERTY	\$250,000	R/C	\$5,000
"MONEY" AND "SECURITIES"	\$15,000	F/V, M/V	\$0
COMPUTER EQUIPMENT, "MEDIA" AND SUPPLIES	\$25,000	R/C	\$500
PAPERS, RECEIVABLES AND RECORDS	\$10,000	A/C	\$0

PROPERTY DIRECT COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
"FINE ARTS"	\$15,000	A/V	\$500
"PERSONAL EFFECTS"			
Per Person	\$5,000	A/C/V	\$0
Per Occurrence	\$15,000	A/C/V	\$0
PERSONAL PROPERTY OF OTHERS			
Per Person	\$5,000	A/C/V	\$0
Per Occurrence	\$15,000	A/C/V	\$0
ELEVATOR COLLISION	\$100,000	R/C	\$0
OFF "PREMISES"	\$25,000	R/C	\$5,000
IN TRANSIT	\$25,000	R/C	\$5,000
* "RATABLE LIMIT"	\$6,975,000		

PROPERTY CONSEQUENTIAL COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
MAINTENANCE FEES AND ASSESSMENTS	FULL	A/L/S	\$0
COMMUNITY INCOME	FULL	A/L/S	\$0
EXTRA EXPENSE	FULL	A/C	\$0
ACCOUNTS RECEIVABLE EXPENSES	FULL	A/L/S	\$0
"MEDIA" COSTS	\$25,000	A/C	\$0
"VALUABLE PAPERS AND RECORDS" COSTS	\$25,000	A/C	\$0
ORDINANCE OR LAW COVERAGE			
COVERAGE FOR LOSS TO THE UNDAMAGED PORTION OF THE BUILDING	Guaranteed Replacement Cost	G/R/C	\$5,000
DEMOLITION COST COVERAGE	\$250,000	A/C	\$5,000

PROPERTY CONSEQUENTIAL COVERAGE

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
INCREASED COST OF CONSTRUCTION COVERAGE	\$250,000	I/R/C	\$5,000
INCREASED PERIOD OF RESTORATION COVERAGE	FULL	A/L/S, A/C	\$0
REMOVAL COVERAGES			
DEBRIS REMOVAL	\$250,000	A/C	\$0
PROPERTY REMOVAL	\$250,000	R/C	\$0
REMOVAL OF FALLEN TREES Maximum per tree, shrub, or lawn	\$10,000 \$500	R/C R/C	\$0 \$0

PROPERTY ADDITIONAL CAUSES OF LOSS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
WORLDWIDE CRIME COVERAGES			
* "EMPLOYEE DISHONESTY"	\$100,000	A/L/S	\$0
"COMPUTER FRAUD"	\$50,000	A/C	\$0
"DEPOSITORS FORGERY"	\$50,000	A/C	\$0

PROPERTY SUPPLEMENTARY PAYMENTS

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
ARSON, VANDALISM, AND DELIBERATE AND MALICIOUS ACTS REWARD	\$5,000	10% of Paid Claim	\$0
FIRE DEPARTMENT SERVICE CHARGES	\$10,000	A/C	\$0
FIRE EXTINGUISHER RECHARGE	\$1,000	A/C	\$0
"POLLUTANT" CLEAN UP AND REMOVAL	\$25,000 Per 12 month Period	A/C	\$0

EARTHQUAKE AND "VOLCANIC ERUPTION"

COVERAGE	LIMIT OF INSURANCE	VALUATION	DEDUCTIBLE
EARTHQUAKE AND "VOLCANIC ERUPTION"	No Coverage		

* LIABILITY COVERAGE *

COVERAGE	LIMIT OF INSURANCE	TYPE OF LIMIT
* "BODILY INJURY" AND "PROPERTY DAMAGE"	\$2,000,000	"OCCURRENCE"
"PERSONAL INJURY" AND "ADVERTISING INJURY"	\$2,000,000	"OFFENSE"
"HIRED AUTO" AND "NONOWNED AUTO"	\$2,000,000	"OCCURRENCE"
PROPERTY DAMAGE LEGAL LIABILITY - REAL PROPERTY	\$1,000,000	"OCCURRENCE"
GARAGE AND PARKING AREA LEGAL LIABILITY	DEDUCTIBLE	
Comprehensive Coverage	\$500	\$25,000
Collision Coverage	\$500	\$25,000
MEDICAL PAYMENTS	\$5,000	"OCCURRENCE"
PRODUCTS/COMPLETED OPERATIONS	\$2,000,000	AGGREGATE
"EMPLOYERS LIABILITY" Coverage is provided on excess basis only	\$2,000,000	AGGREGATE

* DIRECTORS AND OFFICERS LIABILITY COVERAGE *

THIS COVERAGE PART PROVIDES CLAIMS MADE COVERAGE

COVERAGE	LIMIT OF INSURANCE
ERRORS AND OMISSIONS INSURANCE	
* EACH "LOSS"	\$2,000,000
EACH "POLICY YEAR"	\$2,000,000
RETAINED LIMIT	NONE

RETROACTIVE DATE

This insurance does not apply to "loss" from "wrongful acts" which took place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE: NONE

(If "NONE" is shown no Retroactive Date applies)

ENVIRONMENTAL IMPAIRMENT LIABILITY COVERAGE

THIS COVERAGE PART PROVIDES CLAIMS MADE COVERAGE

COVERAGE	LIMIT OF INSURANCE
ENVIRONMENTAL IMPAIRMENT LIABILITY INSURANCE	
EACH "LOSS"	\$500,000
EACH "POLICY YEAR"	\$500,000
RETAINED LIMIT (Applicable to each "loss")	\$5,000

RETROACTIVE DATE

This insurance does not apply to "loss" which takes place before the Retroactive Date, if any, shown below:

RETROACTIVE DATE: NONE

(If "NONE" is shown no Retroactive Date applies)

AMENDATORY COVERAGE

FORM NUMBER	FORM TITLE	EDITION DATE
CAU 1000	Condominium Policy	07/01
CAU 1101	Signature Page	12/12
CAU 1130	Employee Dishonesty - Property Manager	07/01
CAU 1180	Property Manager Directors and Officers	07/01
CAU 1188	Power Failure or Interruption Coverage - Sump Pump	01/11
CAU 1207	Connecticut Changes - Amendatory Endorsement	06/10
CAU 1282	Connecticut Changes - Extended Reporting Period	10/08
CAU 1700 CT	"Fungus, " Wet Rot and Dry Rot Coverage	06/02
CAU 1926	Conditional Exclusion of Terrorism; Coverage for Certain Fire Losses	01/12
CAU 1930	Cap on Losses from "Certified Acts of Terrorism"	03/08
CAU 1985	Disclosure Pursuant To Terrorism Risk Insurance Act	01/12
CAU 1999	Exclusion of Certain Computer Related Losses	07/01
CAU 2200	Environmental Impairment Liability Coverage Part	07/01



POLICYHOLDER DISCLOSURE

Notice of Terrorism Insurance Coverage

Coverage for acts of terrorism is included in your quote. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2007, the definition of an act of terrorism has changed. As defined in Section 102 (1) of the Act: the term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from "certified acts of terrorism" may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. **However, other policy provisions, such as nuclear and pollution exclusions, will still apply.**

Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

You should be aware that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from "certified acts of terrorism" when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

We are providing you with the terrorism coverage available under the Terrorism Risk Insurance Act. The premium for the coverage is set forth below and does not include any charges for the portion of loss covered by the United States government under the Act.

Terrorism Premium (Certified Acts): **\$476**

Applicant/Named Insured:
Account #: