

# What AOA Covers vs Condo Unit-Owners Insurance



In Hawaii, Association of Apartment Owners fees (also known as maintenance, strata, AOA or HOA fees) are a part of condo life. Every condominium development is required to have an AOA comprised of the condo owners who are responsible for running and maintaining the condominium complex. So, when you become an owner, you get a vote in how the complex is managed and you have some responsibility for maintaining the property.

At a minimum, all AOAs are responsible for maintaining the condominium's "common elements," i.e. the grounds, the pools, the exterior of the buildings usually including the roofs and so forth. If your condo sustains damages, the association's insurance policy will typically cover the cost to bring your unit back to its original condition (when first built) minus a deductible, which the owner is responsible for paying.

As an individual condo owner, you may be required to carry an HO-6 insurance policy by contract, not by law. 'By contract' means your condo association may require you to take out an HO-6 policy. Additionally, if you have a mortgage on the property, the mortgagee (lender) will almost always require the borrower to secure an HO-6 policy. The lender may also have certain requirements as to what the HO-6 policy coverage should include.

## **An HO6 Policy - Home Owners Insurance typically covers:**

### **Dwelling Coverage**

Think of dwelling items as “improvements and betterments” such as new wood flooring, custom cabinets, upgraded countertops, etc.

If you have costly upgrades – maybe an expensive \$100,000 Italian designer kitchen – you probably want to consider increasing the dwelling coverage. A standard policy typically has exclusions from coverage and these exclusions include but are not limited to, hurricane, flood and earthquake.

### **Personal Property Coverage**

Think of personal property as items that fall out if your unit is turned upside down, such as sofas, chairs, tables, TVs, computers, clothes, dishes, etc.

A standard policy typically has exclusions from coverage and these exclusions include, but are not limited to, hurricane, flood and earthquake.

### **Loss of Use Coverage**

If your unit is damaged due to a covered peril and is uninhabitable while being repaired, Loss of Use Coverage in an HO-6 policy will pay for another rental until your condo is repaired and you are able to live in the unit again.

## **Personal Liability Coverage**

A major purpose of personal liability coverage is to act as a layer of protection for you and covered members of your household against liability for bodily injury or property damage to third parties caused by your or your household member's negligence.

It is also possible to add a separate Umbrella insurance policy, increasing your personal liability coverage by up to several million dollars.

## **Medical Payment to Others**

Pays medical expenses for guests sustaining injury caused by an accident.

## **Loss Assessment Coverage**

Coverage where the AOA assesses your unit up to the AOA's insurance deductible for a covered loss. For instance, your unit suffers a plumbing failure that causes water damage to other units and the AOA's insurance deductible is \$25,000.00. If the resulting damages are \$50,000.00, the AOA should cover \$25,000.00 of the repair costs (representing the AOA's insurance deductible) and the AOA's insurance carrier should cover the

remaining \$25,000.00. The AOAO may then assess your unit a portion of or the entire \$25,000.00 deductible.

Unedited articles can be found at:

[Condo Questions – What are A.O.A.O. Fees?](#) [Direct Line: 808.526.9271](tel:808.526.9271) [sue@insuringhawaii.com](mailto:sue@insuringhawaii.com)

[Hawaii Condo Insurance: The HO6 Insurance Policy \(hawaiiliving.com\)](#)