



UPDATES REGARDING LOSS ASSESSMENT INSURANCE

It has recently come to our attention that many insurance companies that provide Loss Assessment coverages for Owners have or are in the process of changing their filing requirements. Please see below for further information.

What is Loss Assessment Insurance? Loss Assessment Insurance is a very affordable policy that each Owner can purchase as part of their HO-6 Policy to cover any Special Assessments that an Association may pass for an insurable loss. An example of this may be for a hail claim that the Association would file and a Special Assessment would be passed for the deductible associated with the claim. If Owners have Loss Assessment Insurance, they can then file a claim for the Special Assessment covering the Association's deductible and hopefully have no out of pocket expenses for the Special Assessment. It is recommended that Owners obtain up to \$25,000 in Loss Assessment Insurance.

However, if Owners have purchased homes within the last five years, it is highly recommended that Owners discuss loss assessment insurance with their insurance agent to understand the INSURABLE DATE OF THE LOSS that is used to "Trigger" Loss Assessment Coverage. If the Owner(s)' Policy "Trigger Date" is THE DATE A WIND/HAIL LOSS OCURRED, instead of THE DATE A SPECIAL ASSESSMENT IS PASSED to recoup the Association's deductible, the Owner(s)' share of the Association's wind/hail deductible will probably NOT be covered by the Owner(s) HO-6 Loss Assessment Coverage.

In addition, some insurance companies might also require that THE DATE A WIND/HAIL LOSS OCURRED and THE DATE A SPECIAL ASSESSMENT IS PASSED be within the same policy period in order to provide coverage.

As we are approaching the hail season in Colorado, please ensure that this information is in upcoming communications to homeowners as this may make a difference in an Association's ability to collect a Special Assessment from Owners who may not have coverage through their HO-6 Loss Assessment Insurance due to "Trigger Dates" v. Special Assessment passing dates, considering the current options including the 18-month payment plan, available to homeowners in the HB22-1137 bill.

**Have additional questions about legal matters?
Please contact us at: info@westernlawgroup.com**

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