

Quick Guide: Condo Insurance for Utah Unit Owners

Horizon Heights Condominiums - Essential Information

Two Policies You Need

1. Master Policy (HOA Pays)

Covers: Building structure, common areas, your unit "walls-in" [framing, drywall, insulation, ceilings, interior walls, original built-in fixtures, original cabinets, counters, basic flooring and original built-in appliances].

Deductible: \$10,000 per occurrence

Does NOT cover: Your belongings, upgrades, your liability, earthquake, flood

2. HO6 Policy (You Pay)

Covers: Your belongings, upgrades, your liability, master deductible, loss of use

Cost: Typically \$300-\$800/year

Required by: Your mortgage lender (and smart financially)

Critical: The \$10,000 Deductible

You Are Responsible for the Master Deductible

If damage is only to your unit: You pay the full \$10,000

If damage affects multiple units: You pay your proportional share

This applies even if: The damage wasn't your fault

Example Scenarios

Situation	Total Damage	Your Unit Damage	Damage You Pay
Pipe burst in your unit only	\$25,000	\$25,000 (100%)	\$10,000
Fire affects 4 units equally	\$200,000	\$50,000 (25%)	\$2,500
Common area damage only	\$30,000	\$0 (0%)	~\$59*

*Divided among all 170 units as special assessment

Required HO6 Coverage Checklist

Must Have (Priority)

✓ Dwelling Coverage (Coverage A): Minimum \$10,000

- Recommended: \$50,000-\$100,000
- Must be "Special Form" coverage
- Covers: Upgrades, improvements, fixtures

✓ Loss Assessment Coverage: \$10,000-\$50,000

- THIS PAYS YOUR \$10,000 MASTER DEDUCTIBLE
- Also covers special assessments after major loss

✓ Personal Property Coverage

- Based on value of your belongings
- Consider choosing replacement cost (not actual cash value)

✓ Personal Liability: \$300,000-\$500,000

- Protects if someone is injured in your unit
- Includes legal defense costs

✓ Loss of Use

- Pays hotel/temporary housing if unit uninhabitable
- Usually 20% of dwelling coverage

Strongly Consider Adding

✓ Water Backup Coverage - Common in condos

✓ Earthquake Insurance - Master policy doesn't include

✓ Flood Insurance - Master policy doesn't include

✓ Equipment Breakdown - Your appliances, HVAC, water heater

If You Rent Your Unit

✓ Loss of Rents Coverage - Lost rental income during repairs

✓ Higher Liability Limits - Landlord coverage

✓ Require Tenant Insurance - Put in lease agreement

What to Do After Damage

Immediate (First 24 Hours)

1. **Ensure safety** - Evacuate if dangerous, call 911 if needed
2. **Stop the damage** - Turn off water, cover with tarp, etc.
3. **Call HOA/Property Manager** - Desert Edge: (see Essential Contacts, page 6)
4. **Document everything** - Photos, videos, itemize damage
5. **Call your HO6 insurer** - Report your claim

First Week

6. **Prevent further damage** - You have duty to mitigate
7. **Save all receipts** - Emergency Repairs may be covered by HO6 or Master Insurance policies depending on what's damaged.
8. **Cooperate with adjusters** - Both master and your HO6
9. **Don't make permanent repairs yet** - Wait for approval
10. **Get HOA approval** - Before any structural repairs

Remember

- File claims promptly (don't wait!)
- Keep copies of everything
- Track your deductible responsibility
- Master policy controls building repairs
- You control interior/belongings repairs

Master Policy Quick Facts

Effective: 6/29/2025 - 6/29/2026

Building Coverage: \$36,155,500 (Guaranteed Replacement Cost)

Coverage Type: Special Form, Walls-In

Standard Deductible: \$10,000

Wind/Hail Deductible: \$10,000

General Liability: \$2,000,000 per occurrence

Employee Dishonesty: \$1,050,000

What Master Policy Includes

- Building structure (walls, roof, foundation)
- Your unit walls-in (see page 1)
- Common areas (pool, clubhouse, parking)
- Equipment breakdown
- Ordinance or law (\$150,000)

What Master Policy Does NOT Include

- ✗ Earthquake insurance
 - ✗ Flood insurance
 - ✗ Your personal contents
 - ✗ Your personal liability
 - ✗ Loss of use
 - ✗ Loss of rents
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Common Questions

Q: Do I really need HO6 if HOA has master insurance?

A: YES! Master policy doesn't cover your belongings, liability, or loss of use. Plus YOU are responsible for the \$10,000 deductible.

Q: How much dwelling coverage do I need?

A: Minimum \$10,000 (to cover master deductible), but \$50,000-\$100,000 recommended if you've made upgrades.

Q: What if I can't afford the \$10,000 deductible?

A: Your HO6 Loss Assessment Coverage pays it. This is why it's essential.

Q: My neighbor's pipe burst and flooded my unit. Do I pay?

A: You initially pay your share of the master deductible. HOA may seek reimbursement from neighbor. Their HO6 liability should cover it. [This happens only if the neighbor is legally liable (usually via negligence)⁽¹⁾. It is not automatic and seldom happens.]

Q: Can I choose my own contractor?

A: For YOUR belongings/interior: Yes. For building structure: No, HOA chooses.

Q: Does tankless water heater lower insurance?

A: Not the master insurance directly, but may reduce your HO6 premium by reducing water damage risk.

Your Maintenance Responsibilities

Required by HOA Declaration

- ✔ Heat unit to minimum 50°F (prevent frozen pipes)
- ✔ Keep unit clean, sanitary, leak-free
- ✔ Maintain all fixtures and appliances in your unit
- ✔ Prevent mold, pests, rodents
- ✔ Your water heater, HVAC, plumbing fixtures

Why This Matters

If you don't maintain and damage occurs:

- You're liable for damage to other units
- Insurance may not cover neglect
- HOA can fine you and place lien on unit
- You still pay the master deductible

Cost Comparison Example

Without HO6 Insurance - Single Pipe Burst

Item	Cost
Master deductible (your responsibility)	\$10,000
Replace your furniture, TV, clothes	\$15,000
Hotel for 2 months during repairs	\$6,000
Replace your upgrades (flooring, cabinets)	\$8,000
Total out of pocket	\$39,000

With Proper HO6 Insurance - Same Scenario

Item	Coverage
Master deductible	Loss Assessment pays \$10,000
Your belongings	Personal Property pays \$15,000
Temporary housing	Loss of Use pays \$6,000
Your upgrades	Dwelling Coverage pays \$8,000
Your cost	HO6 deductible only (\$500-\$2,500)
Annual HO6 premium	~\$500/year

Savings in this one incident: \$36,500+

Money-Saving Tips

Discounts on HO6 Insurance (10-25% savings)

- ✓ **Bundle with auto insurance** - Biggest discount
- ✓ **Security system** - Monitored alarm
- ✓ **Claims-free discount** - No claims 3-5 years
- ✓ **Smoke/CO detectors** - Required anyway
- ✓ **Pay annually** - vs. monthly payments
- ✓ **Multi-unit discount** - Some insurers offer
- ✓ **Professional association** - AAA, Costco, etc.

Smart Coverage Choices

- ✓ Choose higher deductible (\$1,000 vs \$500) = lower premium
- ✓ Bundle all policies with one insurer = bigger discount
- ✓ Review annually and shop around
- ✓ Ask about usage-based or telematics programs
- ✓ Good credit score = better rates

Don't Skimp On

- ✗ Loss Assessment Coverage (need \$10,000 minimum)
- ✗ Liability Coverage (accidents are expensive)
- ✗ Replacement Cost (vs actual cash value)

Essential Contacts

Property Manager:

Desert Edge - 9135 Monroe Plaza Way, Sandy, UT 84070
Alex: 801-265-9004 ext. 104, Emergency: 801-265-9004 ext. 9

HOA Insurance (Master Policy):

The Buckner Company
6550 S Millrock Suite #300, Salt Lake City, UT 84121
hoa@buckner.com | www.buckner.com

Personal HO6 Insurance Quotes:

The Buckner Company Personal Lines: 801-937-6701
(Or use your preferred insurance agent)

Utah Condo Laws:

- Condo Act: <https://le.utah.gov/xcode/Title57/Chapter8/>

Action Items for New Owners

Week 1

- Purchase HO6 insurance BEFORE closing (lender requires)
- Get copy of HOA master insurance certificate
- Review master deductible amount (\$10,000)
- Verify Loss Assessment Coverage is adequate

Month 1

- Create home inventory with photos
- Save receipts for all upgrades/improvements
- Install smoke and CO detectors (required)
- Locate water shut-off valve
- Store emergency contacts

Annually

- Review HOA insurance certificate (they provide yearly)
- Review your HO6 coverage amounts
- Update home inventory photos
- Shop for better rates if desired
- Check for new discounts

Red Flags - Call Your Insurance Agent

- ▶ Master deductible increases significantly
 - ▶ HOA has multiple insurance claims
 - ▶ HOA loses master insurance coverage
 - ▶ Building has uncorrected damage
 - ▶ You make major improvements (\$10,000+)
 - ▶ You start renting your unit
 - ▶ Water damage or mold appears
 - ▶ Your unit value increases substantially
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Bottom Line

The Three Essential Truths

1. **You WILL pay the master deductible if there's damage**
 - Even if it's not your fault
 - Even if you don't have insurance
 - It can become a lien on your unit
2. **HO6 insurance is NOT optional**
 - Costs ~\$500/year
 - One claim can cost \$30,000+ without it
 - Required by lender anyway
3. **Loss Assessment Coverage is your safety net**
 - Minimum \$10,000 to cover master deductible
 - \$25,000-\$50,000 is better
 - This is the most important coverage for condos

Get Started Today

1. Call insurance agent for HO6 quote
2. Ask specifically for Loss Assessment Coverage
3. Verify coverage meets minimum requirements
4. Keep copy with your important documents
5. Review annually

Questions? Contact your HO6 insurance agent or the HOA property manager.

This is a quick reference guide only with no legal or professional obligations.

Based on Horizon Heights HOA governing documents (2024-2025) and master insurance certificate effective 6/29/2025-6/29/2026

⁽¹⁾ **What is considered negligence in Utah for Your water heater, HVAC, plumbing fixtures**

For a Utah homeowner, “negligence” with things like a water heater, HVAC, or plumbing fixtures usually means you **failed to act as a reasonably careful owner would, and that failure caused or worsened damage** (for example, a major leak or flood).

General legal idea of negligence

In Utah, negligence is typically defined as:

- A duty to use reasonable care.
- A breach of that duty (doing something careless or failing to do something reasonable).
- That breach causing damage.

For home systems you control (water heater, HVAC, fixtures), your “duty” is to install, maintain, and use them in a reasonably safe way, consistent with building codes and manufacturer instructions.

Examples for a water heater

Negligent behavior can include:

- Ignoring obvious warning signs like active leaks, corrosion, or repeated tripping of the T&P (temperature/pressure) relief valve, then the tank fails and floods.
- DIY installation without permits or code compliance (e.g., no seismic strapping, wrong venting, improper drain pan) when a professional is clearly required.
- Storing flammable items right next to a gas water heater after being warned not to, and a fire results.
- Never servicing the unit despite long-term signs of trouble (severe rust, noisy tank, persistent puddles) where a reasonable person would have called a plumber.

By contrast, an unexpected internal failure with no prior warning (a sudden tank rupture in a relatively new, properly-installed heater) is less likely to be called “negligence,” because there was no practical way to foresee or prevent it.

Examples for HVAC systems

With HVAC equipment (furnace, AC, heat pump), negligence can look like:

- Blocking required combustion air or vents, or disabling safety switches, after being told not to, then a fire or carbon-monoxide incident occurs.
- Never changing filters or scheduling basic service, leading to freeze-ups, water damage from clogged condensate lines, or burnout clearly tied to long-term neglect.
- Unpermitted or non-code DIY installation of major HVAC equipment that later fails and causes damage, where codes or local practice clearly require a licensed contractor.

Again, a hidden manufacturer defect in a well-maintained unit usually points more to product failure than owner negligence.

Examples for plumbing fixtures

For sinks, toilets, supply lines, and similar fixtures, typical negligence issues include:

- Ignoring a drip, soft spot, or staining that clearly shows an ongoing leak, until it becomes major water damage to neighbors or common areas.
- Reusing clearly worn, brittle, or kinked supply lines when replacing a faucet or toilet, then they burst.
- Not shutting off water or seeking help when you know a fixture is malfunctioning (e.g., a toilet that regularly overflows and you leave it running while away).

Reasonable care usually means promptly addressing visible leaks, replacing old hoses/lines, and using qualified help for work beyond basic homeowner skills.

Why this matters in a condo/HOA setting

In a Utah condo or HOA context, negligence often comes up when water from a unit damages other units or common elements and there is a dispute about who pays.

Key implications:

- If you acted reasonably (maintained equipment, responded to signs of trouble, used licensed contractors when required), damage is more likely to be treated as an accident covered by insurance.
- If you ignored clear problems or violated codes/instructions, the association or its insurer may argue you were negligent and try to recover their costs from you or your personal insurance.

Practical steps to avoid a negligence claim

For your own protection (and to keep your HOA and neighbors happy), it helps to:

- Have a licensed plumber or HVAC tech do code-compliant installations and replacements, with permits when required.
- Schedule periodic inspections/maintenance (at least annually is common advice in Utah for water heaters and key systems, especially with hard water).
- Fix or evaluate leaks, corrosion, strange noises, or recurring tripping of safety devices right away.
- Follow manufacturer instructions about clearances, venting, temperature settings, and safety features.