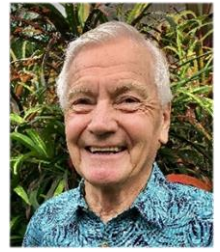




# AOAO KANALOA AT KONA

## JUNE 15<sup>th</sup>, 2022

### PRESIDENT'S NEWSLETTER



Aloha Kanaloa Ohana,

I hope you all had a chance to see Jim Heather's recent e-mail about our insurance coverage. Sue Savio, our insurance broker of many years, spoke at our annual meeting and confided to us that getting coverage for our property was becoming difficult. Our previous carrier, Lexington, chose not to renew our policy because of the several claims we have had this past year, coupled with their reinsurers now requiring all properties to be modeled for exposure to wind. Kanaloa at Kona scored poorly based on our location.

The good news is that Sue was able to find a company that would insure us; the bad news is that there was a 93% increase in cost to the Association for property insurance, and the deductible went from \$10,000 to \$50,000 for water damage, which comprises the bulk of our claims. All our other insurance went up as well, with the second biggest jump in liability insurance at 34%.

Sue's e-mail indicated that 34 of the 50 top reinsurance groups lost money in 2021. This in itself tells you that insurance rates were going to go up, and they have for other properties Sue is insuring as well. But with our loss history, the increase was dramatic.

The most important takeaway for owners is that you are **very financially vulnerable** if you do not increase your condominium homeowner's policy (HO6) loss assessment or dwelling coverage to cover the increased deductible. I contacted my agent, and the increase was minimal, going from \$8 for the \$10,000 loss assessment to \$19 annually for the \$50,000 coverage. My agent also told me that recently the loss assessment for most condominium associations was \$25,000 to \$50,000, and our previous amount of \$10,000 was quite low. This doesn't make me hopeful it will go back down in the future. Although Sue doesn't sell HO6 policies, she will review yours to see if it is sufficient for the \$50,000 deductible. Sue@InsuringHawaii.com.

Remember also that the Association's insurance covers the cost of bringing the damaged unit back to the condition it was in when it was built. Upgrades and improvements will require additional coverage on your policy.

In our conversation, Sue emphasized the importance of routine maintenance to minimize the chances of water damage, our biggest problem. This includes checking supply lines under the sink, as well as supply lines to icemakers, toilets, and laundry equipment. Also important are replacing old water heaters that are prone to leaking, and caulking and sealing your lanais against water penetration. Installing moisture-sensing alarms in areas prone to leaks is cheap insurance against water damage. Sue reminded me that long, slow leaks are not covered by insurance. Because these can cause considerable damage over time, there is all the more reason to increase your condominium homeowner (HO6) policy coverage.

Mahalo,

Steve Tanberg, Association President  
Kanaloa at Kona AOA