

June 30, 2025

TO THE OWNERS AT CORNERSTONE CONDOMINIUM

Great news this year! After sharing with our insurer all the hard work the Association has completed over the past year, including electrical inspections, rules regarding wood-burning fireplaces, and the start of roof replacements, the insurer agreed to a much better property premium and lowered the deductible from \$50,000 to \$25,000 per occurrence. As before, you are responsible for the Master Policy deductibles when damage is to your Unit or your Building. The new deductibles are:

- **5% of each building limit for Wind and Hail** (about \$17,000 for each owner)
- **10% of each building limit for Earthquake** (about \$35,000 for each owner)
- **\$25,000 per occurrence for all other covered losses**

The following documents are attached, which explain how you can cover the Master Policy deductibles on your own personal Unit Owner's Policy. Please share this with your personal insurance agent.

- 1) Master Insurance Synopsis and Illustrative Unit Owner's Policy guide** (A Unit Owner policy can be purchased from us, or your own personal agent)
- 2) Procedure for Property Insurance and Property Claims**

Below are some important features your Unit Owner's Policy should include:

- Dwelling-*Special Form* for \$35,000 to cover unit damage under the highest Master Policy Deductible, plus the value of improvements made by you or prior owners
- Contents Coverage for your personal property, furnishings and belongings
- Additional Living Expenses when unit is unlivable due to a covered loss
- Personal Liability Coverage for your legal liability. At least \$500,000 is recommended.
- Earthquake endorsement
- Loss Assessment, \$50,000, or the maximum limit the insurer allows, to cover common property and liability losses assessed to Owners, including wind or hail damage to roofs
- Sewer or Drain Backup endorsement for \$25,000, plus improvements made by you or prior owners and any contents you want insured

We specialize in Community Associations and insure over 500 in the metropolitan area. We will be happy to help you with any of your insurance questions or problems. If you receive a request for a certificate of insurance from your mortgage company, you can order it on our website, www.oconnor-ins.com, and receive it the same day.

Sincerely,

Karen O'Connor Corrigan

Karen O'Connor Corrigan, CIC, CIRMS

Cornerstone Condominium, Inc.

Master Insurance Synopsis

Covers Units to "Original Specifications"

ARE UNITS COVERED? The Common Elements and the Units, even inside, are insured. This includes, but is not limited to:

- Cabinets
- Lighting
- Plumbing
- Unit Fixtures

DOES NOT INCLUDE the value of improvements made by current or prior owners.

WHAT IS COVERED? Coverage includes Earthquake and "Special Form," which generally covers all sudden and accidental losses except those that are **EXCLUDED** such as, but not limited to:

- settling
- insect damage
- flood
- wear & tear

WHO PAYS THE DEDUCTIBLE? The unit owner is responsible for the first dollars of their unit and building damage below the Master Policy's deductibles. Owners can cover these amounts with a Unit Owner's policy. The deductibles are:

- **\$25,000 per occurrence**
- **5% or building limit for Wind and Hail** (about \$17,000 each owner)
- **10% for Earthquake** (about \$35,000 each owner)

HOW TO COVER UNIT DAMAGE BELOW THE MASTER POLICY DEDUCTIBLE? You should cover this on your Unit Owner's Policy by adding:

- \$35,000 Special Form Dwelling limit (plus any improvements by owners)
- Earthquake coverage
- \$50,000 Loss Assessment
- 25,000 Sewer or Drain Backup (plus improvements)

The Master Policy deductible applies each time there is a claim. All claims involving your unit should be reported to your personal insurance agent. If the claim is over the Master Policy deductible or involves the common elements, it should also be reported to the Association.

IMPORTANT

The Master Policy does NOT provide coverage for personal property or additional living expenses when there is damage to your Unit. And it does NOT provide Liability coverage inside your Unit or for your personal activities. Each Unit Owner must purchase a Unit Owner's Policy for these coverages. Please call us with any questions you or your agent have. This synopsis provides a general outline of the insurance coverage for the Association. It does not give all the details of the policy and cannot be considered a binder or other evidence of insurance.

Illustrative UNIT OWNER'S POLICY

COVERAGE	LIMITS	DESCRIPTION
Dwelling	\$35,000 (Plus Owners' improvements)	"Special Form" covers your unit for replacement cost for damage which is less than the Master Policy deductible. Also covers unit owner's improvements.
Personal Property	\$ _____	Covers your personal contents after a covered loss. Be sure your limit is high enough to cover the <u>full Replacement Cost</u> of ALL your contents.
Additional Living Expenses	50% of Personal Property Limit	Additional living expenses, such as rent, are covered when you are not able to live in your unit after a covered loss.
Personal Liability	\$500,000	There should be a high liability limit in multi-family buildings because you could negligently damage your neighbor's property
Earthquake		Add Earthquake for the Dwelling, Personal Property and Additional Living Expenses. It is excluded unless you endorse the policy.
Sewer and Drain Back-Up	\$25,000 plus the value of improvements	Covers Dwelling – increase the limit to cover improvements and any contents you want insured
Loss Assessment	\$50,000 (or maximum available)	Covers Common Elements and Liability losses assessed to Owners. Includes your share of Wind or Hail damage.

Unit Owner's Policies are subject to various deductibles for which the owner is responsible. The cost varies based on many factors including dwelling, liability, and personal property limits, coverage selections, and more.

For more information, or to request your Unit Owner's quote, just give us a call!

12101 Olive Blvd. - Creve Coeur, MO 63141

314-434-0038

www.oconnor-ins.com • info@oconnor-ins.com



CORNERSTONE CONDOMINIUM, INC.
PROCEDURE FOR PROPERTY INSURANCE AND PROPERTY CLAIMS
EFFECTIVE June 27, 2025

Pursuant to the Declaration of Condominium for Cornerstone Condominium Inc., your Board of Managers hereby revokes any prior rules and procedures regarding insurance and enacts the following rules and procedures.

ITEM I. PROPERTY INSURANCE

The Association shall provide a Master Policy of property insurance to cover the Common Elements, Limited Common Elements **and the Units** for Earthquake and Special Causes of Loss, which generally covers all losses except those specifically excluded such as, but not limited to, flood, insect and vermin damage, wear and tear. Coverage under the Master Policy includes replacement cost on the buildings (except ACV for roofs over 15 years old) and the Units. Units include attached interior finishing such as carpeting or other flooring, plumbing and lighting fixtures, built-in appliances and cabinets. ***The additional value of Unit improvements made by current or prior Owners shall be insured by Owners.***

ITEM II. MASTER INSURANCE POLICY DEDUCTIBLES

The Master Policy deductible is **\$25,000** for covered losses, other than Wind, Hail and Earthquake. The Master Policy Wind & Hail deductible is **5% of each building limit**. A current estimate of each Owner's average share of damage below the Wind & Hail deductible would be about \$17,000 for each unit. The Master Policy Earthquake deductible is **10% of each building limit**. A current estimate of each Owner's share of damage below the Earthquake deductible would be about \$35,000 for each unit if all buildings are damaged. Since the insurer does not pay for the first dollars of repair or reconstruction below these deductibles, the responsibility to pay for the damage below the deductible, and any future deductible, shall be as follows:

Wind or Hail damage shall be allocated to owners according to statute and the Association's governing documents including Rules. This should be guided by legal counsel.

For Damage other than Wind or Hail,

- **If a loss is to the Common Elements only**, (other than Limited Common Elements), the damage below the deductible shall be paid by the Association. However, if such loss is caused by the negligence of an Owner or their household member, then the loss shall be paid by that Owner.
- **If a loss involves one Unit** and/or Limited Common Elements serving that one Unit, the Owner shall be responsible to pay the damage below the Master Policy deductible.
- **If a loss involves more than one Unit** and/or Limited Common Elements serving those Units, then the Owners involved in the loss shall share the amount of damage below the Master Policy deductible equally, not to exceed the amount of damage to their respective Unit and/or Limited Common Elements, except:
 - If a loss originates in a particular Unit** or its Limited Common elements, the damage below the Master Policy deductible shall be paid first by that Owner, not to exceed the amount of damage to their Unit and Limited Common Elements. The remainder of damage below the Master Policy deductible shall be shared equally among the other Owners who sustain damage, not to exceed the amount of damage to their respective Units and Limited Common Elements.
 - If the loss is caused by the negligence of an Owner** or their household member, then the damage below the Master Policy deductible shall be paid by that Owner in full.

ITEM III. OWNERS' RESPONSIBILITIES

Each Owner should purchase a Unit Owner's Policy to cover their personal property, personal liability, and the first dollars of their Unit damage below the Master Policy deductibles. This policy should include Special Form, Earthquake, Sewer or Drain Back Up and Loss Assessment coverage. The Dwelling Limit should be high enough to cover damage below the largest Master Policy deductible, **plus the value of items added to the unit by current and prior owners**. Each Owner is responsible for the deductible on their own Personal Policy, regardless of the cause of loss.

ITEM IV. NON-COVERED LOSSES

The Association is not responsible for property losses occurring to property owned or used exclusively by an Owner when the loss is not covered by the Association's Master Policy.

ITEM V. DISCRETION REGARDING CLAIMS

The Association reserves the right to NOT file small claims to protect the insurability for ALL the Owners. Such claims could include willful, intentional, or negligent conduct, vandalism, or malicious mischief. It could also come from grilling damage or the use of heating devices. Negligent conduct includes, but is not limited to, failure to maintain a temperature of **at least 55 degrees** Fahrenheit when the outside temperature is below freezing.

ITEM VI. ADJUSTMENT OF LOSSES

The Board shall adjust all losses covered by the Association's Master Policy. No Owner shall have the right to adjust a loss directly with the Association's Insurer, even for damage solely to his Unit. The Owner shall give the Association and its contractor reasonable access to his Unit to adjust and repair the Unit and any damaged adjoining Units.

The Association, through its own agents and contractors, shall repair all damage, but may approve contractors hired by Owners if a firm written proposal is approved by the Board in advance. In the event an Owner shall employ his own contractor, the Board may pay the contractor directly, but only after the work has been inspected or certified that it is fully completed according to the allowed adjustment by the insurer, all lien waivers are received, and the Owner signs any required release. If the Owner does not fully repair the Unit according to the insurer's allowed adjustment, any excess insurance funds will be held in trust until the work is completed. If the work is not completed within 180 days of the date of loss, then the "Actual Cash Value" of the damaged property, (Replacement Cost less depreciation), may be distributed to the Owner, unless the Board decides it is necessary for the Association to complete the repairs in order to protect the interests of other Owners.

The Master Policy premiums are common expenses of the Association, which are provided for in the assessments paid by the Owners. All assessments shall be paid in full prior to any disbursement of insurance proceeds to any Owner for his damage. Upon written instructions by an Owner, the Board shall apply all or a portion of any insurance proceeds first to payment of delinquent assessments, and then disburse the balance of such proceeds to the Owner for repair of the Unit.

The undersigned Board Member hereby executes the foregoing rules and procedures, and certifies that these have been duly adopted by the Board.

Date and Signature 6/27/25

Dan Kissling