

**Nepenthe Homeowners Association
301 Desert Poppy Drive
Sedona, AZ 86336
Phone 928-282-9344
Fax 928-282-3405**

February 9, 2024

Dear Nepenthe Owner:

At the request of your Board of Directors, we at the *Nelms Insurance Agency* have written the Master Insurance Policy for your Association with Mid-Century Insurance Company, a member of the *Farmer Insurance Group*. We have enclosed a Certificate of Liability and Property Insurance for your records.

Summary of Master Insurance Policy coverage:

This policy provides coverage for all buildings that are included in the Nepenthe Subdivision which are subject to the terms, conditions, exclusions and deductibles of the Master Insurance Policy and according to the guidelines and restrictions set by the Association's Covenants, Conditions & Restrictions (CC&Rs).

Under the existing policy, your coverage form is "*all-in*". What does this exactly mean? If fire destroyed your building, the "*all in*" coverage form covers the original building specs along with any improvements and betterments that any unit owner has made to the units. This includes cabinets, flooring, countertops, bathrooms, etc. Please notify Amy if you make an improvement that costs over \$10,000 so she can inform us.

But remember, even such "*all-in*" coverage does not cover each unit owner's contents/personal property, or any personal liability claims you may encounter as a unit owner. You should carry a "Condo Owners" or "Condo Rented to Others" policy to make sure your personal property is properly insured, and your liability exposures are properly covered. This is commonly referred to as an H06 policy. Rule of thumb is, if you could pick up your unit and turn it over, whatever fell out or dangled by wires would be considered personal property.

Under the policy, the association's deductible is \$15,000 per occurrence. Including water damage/back up of sewers or drains. Although your monthly assessment covers insurance on your building, you still would be responsible for the HOA policy's deductible in the event of a loss involving your unit. The deductible will be covered by your H06 policy.

A unit owner's personal policy, an H06 policy, should include the following:

Coverage for Unit Owner's contents/personal property at this location.

Each Unit Owners personal liability coverage.

Coverage for a HOA assessment up to \$15,000 deductible for property claims. **Ask your agent if your H06 policy has at least \$15,000 of Association Loss Assessment coverage? Ask your agent, “Will my ALA cover the \$15,000 deductible that is my responsibility in case of a claim?”**

Since the Master Policy is in an “All In” coverage form, you will only need \$15,000 of Building/Unit Owners Building Property coverage. **If your current policy has Building/Unit Owners Building Property for improvements and betterments to your unit, you now can reduce that amount to \$15,000. This would cover building damage to your unit that is less than the HOA Policy deductible of \$15,000. Verify with your agent that your HO6 policy works in this manner. Have your agent call us if there are any questions.**

Any other coverage you and your personal insurance agent deem necessary.

If you are a landlord, we suggest that your lease makes it clear that the tenant is responsible for coverage on their own personal property. It is also suggested that your tenant carry a Renter’s Policy. This would provide them with coverage on their personal property, additional living expense along with comprehensive personal liability protection for their negligent acts.

For those unit owners who have a loan on your unit be prepared to receive a letter from your lender requesting new evidence of insurance from Farmers. Please email, fax, mail, or drop off this letter to **Amy Tedrick** and or to our office. Once we receive the letter from your lender, we will prepare the proper documents to satisfy your lender.

All Claims must be submitted through your Community Manager, Amy Tedrick at 928-282-9344, E-mail: hoanepenthe@gmail.com. She will contact our office ASAP.

It is our experience that claim prevention is much more pleasant than incurring a loss. With that in mind, we would also like to make the follow suggestions:

If you travel in the wintertime, please keep your thermostat no lower than 60 degrees. If the heat is turned off and the pipes freeze, there is the chance that there will be no coverage for the water damage. If your unit is vacant and/or unoccupied or for sale, please do **not** turn the heat off!

At least once a year install new batteries in smoke detectors and test to ensure proper operation. To ensure reliable performance, completely replace any battery-operated smoke detector that is older than 10 years. If you need help or have questions, please call the Sedona Fire Department.

Disconnect garden hose, irrigation timer, and “Y” connections from exterior faucets after October 1st so faucets do not freeze. Usually, you can reconnect the hose and leave connected to the faucet after April 15th.

Please check the water supply hoses on your washing machine. We suggest that you change these out to the braided metal type of hose. This has been shown to reduce water damage claims drastically.

Another source of water damage is the water supply line to ice makers within refrigerators. This quarter inch material normally consists of a plastic that becomes brittle and splits. If possible, check with your appliance repair person about replacing the supply line with a braided metal tubing.

Fire Sprinklers can prevent a lot of damage but also have the capacity to create a lot of damage if they freeze. Claims history at this Association has shown that there might not be adequate insulation in the garage ceilings to protect the Fire Sprinkler Pipe. We suggest you investigate this problem by contacting a Fire Sprinkler Contractor and have them due an inspection for you.

It is wise that each unit owner creates a pictorial inventory of their unit. Stand in a corner of a room and take a picture across the room. Do this in each corner and in each room of your unit. Open closets and take pictures. Back vehicles out of the garage and take pictures of items in the garage. This is important for claims on your personal policy and the HOA master policy. These pictures will demonstrate the interior, upgraded betterments/improvements and your personal possessions. Being prepared ahead of the event makes the claims process run much smoother!

Develop a key neighbor. Someone who walks through your unit while you are traveling. This helps catch claims in the early stage of damage.

Again, our goal is to work together to prevent claims and that will hopefully result in lower rates!

Please feel free to contact **Anna Cates** at 928-282-6052 or anna.dnelms@farmersagency.com for any information and/or a competitive personal policy quote for your unit.

Again, welcome to the ***Nelms Insurance Agency of the Farmers Insurance Group of Companies, where our goal is to exceed your Customer Service Expectations.***

Sincerely,

Don Nelms
Insurance and Financial Services Agent
70 Tortilla Drive
Sedona, AZ 86336
928-282-6052
dnelms@farmersagent.com

