



Waikiki Banyan Memorandum

WATER-FIRE-INJURY INCIDENT REPORTING & INSURANCE CLAIMS POLICY

Purpose: This policy clarifies operational policies, establishes action to be taken in the event of property damage in the facility and describes insurance considerations by unit owners for claim(s).

Addendum: Waikiki Banyan Master Insurance Policy Coverage

Background: The Association contracts for several types of insurance coverage. Of particular importance is the policy used most of the time for claim(s) arising from unit damage and specifying conditions for possible insurance claims payments.

Water Damage Actions:

1. If possible, stop the cause of the damage – Shut off the water or source of the leak.
2. Call the Security Office (808.922.7172, Ext 1) as soon as possible and report the leak. They will take down the information, create an incident report, then come to the affected unit(s) and investigate. They will also notify building maintenance/management of the leak and ask for help if needed to stop the leak.
3. The main priority of the Association is to stop the leak, then identify the cause and responsibility.
4. The responsible party or affected party will need to call in the appropriate tradesmen (plumber) to repair the leak and any damages to the affected unit (3). This would include plumber, extractor, drywall repair, carpet/floor repair, etc.)
5. The affected party should call their homeowners (HO6) insurance carrier and report the claim.
6. The Management Office will send a copy of the incident report to the claims adjuster, affected unit owners, and/or appropriate authorities.
7. The owner's insurance carrier should handle the claim processing, investigations, payments, etc.

Water Damage - Insurance Considerations:

Because the damage to personal property is NOT covered under the Association insurance, owners should include all personal items under their own personal property insurance policies.

1. Water damage claims: The Associations insurance policy will usually cover damage to apartment wall(s), and floors(s) to original standards only, but not furniture or other

personal property. Costs of repair beyond original standards will not be covered by the Association insurance.

2. If the water damage claim(s) is not covered by the Associations insurance policy, the Association has no responsibility for paying the claim.
3. Common Elements: All areas and structures of the building which are not part of a unit are considered "common" and are covered by the Association insurance policies. "Vertical" drainpipes, for example, are common elements; however, "feeder" drainpipes, water closets, showers/tubs, kitchen sinks, water supply pipes, hoses & connections, etc. within the unit are not common elements. Maintenance of these items are the responsibility of the unit owner(s).
4. Where a damage claim is attributable to the malfunction of personally owned fixtures of appliances, or from abuse or negligence by the resident, the unit owner will be responsible for payment of the insurance deductible or actual costs if less.
5. The Associations insurance deductible is \$25,000 and must be paid by the unit owner(s) prior to any additional insurance be paid for each approved claim. ***(Please see attached addendum for clarifications.)***

Fire Detection Action:

1. If you have or suspect a fire, call the Security Office (808.922.7172, ext. 1) immediately or pull a nearby alarm station; or if no time dial 911.
2. If the fire is in your unit, close the door (all unit doors are rated as fire doors), leave the unit and seek safety. Contact Security immediately if not already.
3. If possible, alert your neighbors in adjacent units of the fire and need to evacuate.
4. Security will sound the alarm, immediately verify the fire and hazard, and alert the fire department if required. They will also sound the alarm and order evacuation of the area and/or building.
5. The Associations insurance deductible is \$25,000 and must be paid by the unit owner(s) prior to any additional insurance be paid for each approved claim. ***(Please see attached addendum for clarifications.)***

General Accident/Incident Action:

1. Immediately report any incident requiring medical assistance to Security (808.922.7172, ext. 1), or if more serious call 911 first.
2. For medical and insurance reasons, try to get the names and phone numbers of the injured and provide that info to the Security Officer and/or Police/Emergency Responders as appropriate.
3. Follow the instructions of the Security Guard or First responders
4. If appropriate. Report the incident to your Homeowners Insurance Carrier and file any claims.

5. The Management Office will send a copy of the incident report to the claims adjuster, affected unit owners, and/or appropriate authorities.
6. The owner's insurance carrier should handle the claim processing, investigations, payments, etc.
7. Claims submitted to the Association will be processed by the Association's Insurance Carrier. Association employees are not able to assess or accept responsibility for any claim.
8. The Associations insurance deductible is \$25,000 and must be paid by the unit owner(s) prior to any additional insurance be paid for each approved claim. ***(Please see attached addendum for clarifications.)***
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This procedure is meant as a guideline for owners and should not be considered a final authority or legal document.

Regards,

Waikiki Banyan Management



ADDENDUM:

Waikiki Banyan Master Insurance Policy Coverage

PURPOSE

The purpose of this policy is to advise and inform Waikiki Banyan apartment owners of the limits of the Association's master insurance policy coverage and emphasize the need for all owners to purchase a condominium owners insurance policy (HO-6) for their apartment(s) to adequately cover any improvements and their share of the master insurance policy deductible.

The Association's master insurance policy provides a limited amount of coverage for the individual apartments in the event of a fire, flood, or other type of covered loss. This coverage is generally limited to restoration of the apartment to its original "as-built" condition. It may not cover such things as improvements to flooring, appliances, cabinets, or other upgrades. The Association's master insurance policy also has a deductible that will be charged to apartment owners in accordance with the provisions of this policy.

AUTHORITY

Hawaii Revised Statutes 514B-143.

SCOPE

This policy applies to all apartment owners.

DEFINITIONS

Association: The Association of Apartment Owners of Waikiki Banyan.

Board: The Association of Apartment Owners of Waikiki Banyan, Board of Directors.

Common element: Those parts of a condominium project that belongs all owners. With a few exceptions, they constitute everything except the apartments in which people live. They include, but are not limited to, utility infrastructure (water, electrical and air conditioning

supply lines), corridors, garbage rooms, lobbies, locker areas, parking areas, utility rooms, the roof, and the grounds

HO-6: A type of homeowner's insurance specifically for condominiums. It covers interior walls, fixtures, improvements, and personal property inside a condominium. It is distinct from the Association's master insurance policy, which covers common elements such as the roof, hallways, and elevators.

Master insurance policy: Insurance purchased by the Association to provide loss coverage for common elements and to a very limited extent, the interior of the individual apartments.

PROCEDURE

1. The Association's master insurance policy has a deductible amount twenty-five thousand dollars (\$25,000.00).
2. In accordance with HRS 514B, §143(d), it is the policy of the Board to charge the master insurance policy deductible amount to the affected apartment owners in the following manner:
 - 100 (one hundred) per cent of the deductible will be charged to the apartment owner who caused a loss (or from whose apartment the cause of loss originated) regardless of how many other apartments are affected and file claim with the Association's master insurance policy carrier. (See Example 1).
 - If the loss was caused by a common element failure, the deductible amount will be charged, in a proportional manner, to any apartment owners who suffered a loss and filed a claim with the Association's master insurance policy carrier (See Example 2).
3. If the total of all loss expenses due to an incident, regardless of the cause, are less than \$25,000.00 (five thousand dollars), no claim will be filed with the Association's master insurance policy carrier. Each apartment owner will need to either file a claim with their HO-6 carrier or pay their expenses out-of-pocket.

Example 1: The owner of apartment A overfills the bathtub and causes extensive water damage to apartment A as well as apartments B, C and the common corridor that serves all three apartments. In this circumstance, the entirety of the master insurance policy deductible will be charged to the owner of apartment A. The owner of apartment A should file a claim with the carrier of their HO-6 policy for coverage of the master insurance policy deductible or alternatively, pay the deductible out-of-pocket.

Example 2: A common element pipe breaks in the ceiling above apartment A. Apartment A sustains \$70,000.00 in damage, apartment B sustains \$20,000.00 in damage and apartment C sustains \$10,000.00 in damage. The master insurance policy deductible will be divided as follows: Apartment A will be responsible for 70%, apartment B will be responsible for 20% and apartment C will be responsible for 10%. Apartment owners A, B and C should file a claim with the carrier of their HO-6 policy for coverage of their share of the master insurance policy deductible or alternatively, pay their share of the deductible out-of-pocket.