



## **HO6 Condo Insurance Policy**

The HO6 insurance Policy is the most common type of policy used to insure town homes and condos in the United States. It is commonly referred to as HO6 Condo Insurance or HO6 Townhome Insurance.

### **The HO6 is a Named Perils Policy**

The HO6 is a named perils insurance policy. A named perils insurance policy specifically lists all the perils that the policy will insure. If an event damages or destroys property that is not included on the list of perils covered in the policy, the HO6 will not insure the belongings damaged as a result of that particular event.

### **HO6 Insurance Policy Perils**

The following 16 perils are the perils that a standard ho6 insurance policy will insure:

1. Fire or Lightning
2. Windstorm or Hail
3. Explosion
4. Riot or Civil Commotion
5. Aircraft
6. Vehicles
7. Smoke
8. Vandalism or Malicious Mischief
9. Theft
10. Volcanic Eruption
11. Falling Objects
12. Weight of Ice, Snow, or Sleet
13. Accidental Discharge or Overflow of Water or Stream
14. Sudden & Accidental Tearing Apart, Cracking, Burning, or Bulging
15. Freezing
16. Sudden & Accidental Damage from Artificially Generated Electrical Current

### **Differences between HO6 Condo Insurance and a Regular Home Insurance Policy**

Condo insurance is very similar to home insurance, but there are a few areas where HO6 insurance deviates in coverage. The most notable differences are how the Dwelling coverage and Other Structures coverage are calculated. In both scenarios, the amount of insurance needed is much less for condo policies.

### **The HO6 and Dwelling Coverage**

In order to fully understand why Dwelling coverage amounts differ between condo and home insurance policies, we first need to understand the fundamental differences between condos and homes. When a person owns a home, she is responsible not only for the upkeep of her home (the actual dwelling), but also for the

grounds (her front yard, back yard, etc.) as well as all the other buildings on the property (pools, fences, mailbox, etc.). With the possible exception of a fence (fences may be co-owned by neighbors), the detached single family home owner bears all the responsibility for upkeep and repair.

Now let's look at a condo. When a person owns a condo, he is responsible only for the upkeep and repair of the portion of the condo complex he *fully* owns. Although a condo owner typically has full access to amenities (the pool, weight room, etc.), he doesn't technically have full ownership of these areas. For example, condo owner A couldn't kick condo owner B out of the community pool because he wants his privacy.

Most condo owners only *fully* own the interior of the condo. The floors, walls, ceilings, and "studs-in" are all part of the condo owner's responsibility. The roof, the community pool, the mailbox areas are all typically community owned, thus the community is responsible for upkeep and repair.

Now that we understand the fundamental difference between condos and homes, it will be a little easier to explain why the ho6 requires a relatively small amount of Dwelling coverage. The owner of a 1500 square foot home needs to have enough coverage to replace not only the interior of the home, but also the exterior walls, roof, central air, heating system, etc. The owner of a 1500 square foot condo, on the other hand, doesn't have to insure the roof, the exterior walls, the central air, and the heating system. These are all covered by the community. Due to the responsibilities of the home owner vs. the ho6 condo insurance owner, it's clear to see that the home owner will need much more insurance for the Dwelling than a typical condo or townhome owner will need.

### **The HO6 and Other Structures Coverage**

The amount of Other Structures coverage in HO6 insurance is calculated similarly to Dwelling coverage. The main difference is that the condo owner will not usually have other structures that need coverage. Does this make sense?

When we really start to think about it, it makes quite a bit of sense. Is the condo owner responsible for fixing the community mailbox if it breaks? Is he responsible for fixing the pool if it clogs? Is he responsible for fixing the roof of the clubhouse or even the roof of the building he shares with 4 other owners? The answer to all of these questions is no, the condo owners associations is responsible for taking care of all of these situations. Due to the fact that most condo owners have no outbuildings which they own outright, they typically have no Other Structures coverage.

### **The HO6 Insurance Policy is the Only Policy Available for Condo and Townhome Owners**

The one insurance limitation to condo and townhome owners is that they have only one insurance option; the ho6 insurance policy. Homeowners get to pick between varying degrees of coverage and many different types of insurance policies; the HO1, HO2, HO3, HO5, and so on. Unfortunately, condo owner don't have the luxury that homeowners have. If a condo owner doesn't like the coverage the HO6 offers, he has very few others options. Despite this limitation, the HO6 is an excellent insurance policy and is typically sufficient coverage for most condo owner's needs.