

INSURANCE COVERAGES FOR COOPERATIVE SHAREHOLDERS

Information concerning what insurance the Cooperative is required to carry, and what insurance shareholders must carry, is usually outlined in the Proprietary Lease. The insurance provisions in these documents should be carefully reviewed, and shareholders should maintain appropriate insurance, as further outlined below.

Shareholders are often surprised to learn that the Cooperative insurance policies may NOT cover them for a variety of “personal” claims, including:

- Claims of liability/negligence against the shareholder;
- Loss to personal property (contents) within the apartment;
- Loss to improvements, betterments, and upgrades within the apartment;
- Loss assessment charges levied by the Cooperative;
- Temporary living expenses associated with being displaced from the apartment;
- Claims of liability/negligence associated with contractors working within the apartment.

In order for the shareholder to address the above claims (subject to policy terms), the shareholder should obtain an HO-6 insurance policy with the following coverages from an A.M. Best “A”-rated insurance carrier, which is Admitted (licensed) in New York State:

- Personal Liability—\$500,000 Limit (minimum recommend), or preferably \$1,000,000 Limit;
- Umbrella Liability—\$1,000,000 Limit (recommended) or higher;
- Improvements/Betterments—Value of interior improvements (fixtures, cabinetry, built-ins, permanently installed appliances, wall/floor coverings, etc.);
- Contents—Replacement Cost of personal items (clothing, furniture, electronics, decorations, free-standing appliances, etc.);
- Other Important Coverages (make sure they are included in the HO-6 policy):
 - Loss Assessment Coverage—A dollar amount specified by the policy for certain types assessment charges levied by the Cooperative/Cooperative.
 - Temporary Living Expense—Certain types of expenses associated with being displaced from the apartment, up to a dollar amount and/or for a time-period, as specified by the policy.
 - Valuable Articles—Jewelry, artwork, antiques, collectibles, etc., which are not fully covered by the standard HO-6 policy.

Cooperatives should obtain from any contractor performing work around or within the building, insurance certificates, naming the Cooperative, the Board, and the Managing Agent, as “Additional Insureds,” along with an “Indemnification/Additional Insured Requirement” agreement from the contractor, in favor of the above-noted Additional Insureds. Many carriers insuring Cooperatives require that this documentation be obtained.

Cooperatives should be mindful of risk from contractors that do work within apartments for shareholders. Obtaining the above-noted documentation from all contractors can help mitigate this risk.

If you have questions regarding this information, please contact your property's Managing Agent or Jason C. Schiciano--President, Levitt-Fuirst Insurance.