



## Job Aid: Property (Hazard) Insurance

INITIAL DATE: 9/6/2024  
REVISION DATE: 9/6/2024

### Conventional 1-4 units

Property insurance policies for one- to four-unit properties should be written on a "Special" coverage form or equivalent. At a minimum, the coverage must cover your loan amount or a provided Replacement Cost Estimator "RCE" and include all the perils listed below. When a single company cannot cover all areas needed, sometime the loan may require a second policy to cover the additional coverages needed. Example: fire (may require a California Fair Plan policy)

<ul style="list-style-type: none"><li>○ Fire or lightning</li><li>○ Explosion</li><li>○ Windstorm</li><li>○ Hail</li></ul>	<ul style="list-style-type: none"><li>○ Smoke</li><li>○ Aircraft</li><li>○ Vehicles</li><li>○ Riot or civil commotion</li></ul>
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### PUD/Condos (with a Master Policy)

Understanding Hazard requirements for PUD/Condos can get confusing. The below are different scenarios for PUD/Condos for master HOA policies and HO6 needed:

- **Scenario:** HOA master policy only covers the outside of the structure (bare walls) from stucco to drywall and does not include windows or doors.
- **Requirement:** HO6 policy for walls-in coverage is required. The coverage amount must be equal to 20% of the appraised value of the property.
- **Scenario:** HOA master policy covers the outside of the structure and walls-in excluding betterments and improvements. The exclusion of betterments and improvements indicates that the structure will be rebuilt to its original condition at the time of initial construction.

- **Requirement:** HO6 policy for walls-in coverage is required. The amount of coverage determined by the insurance company is considered sufficient coverage.
- **Scenario:** HOA master policy covers the outside structure and walls-in including betterments and improvements. The inclusion of the betterments and improvements indicated that the entire structure will be rebuilt to the property condition prior to the loss.
- **Requirement:** HO6 policy for walls-in coverage is NOT required
- **Scenario:** HOA master policy only covers common areas and no structural coverage.
- **Requirement:** A standard HO3 policy is required to cover the entire structure.

**\*\* Note: An exception may be allowed when the higher percentage of the value is based off the land and not the structure.**