

ASSOCIATION OF APARTMENT OWNERS OF KAI MAKANI

POLICY REQUIRING MEMBERS OF THE ASSOCIATION TO OBTAIN THEIR OWN INSURANCE

BACKGROUND:

The Association of Apartment Owners of Kai Makani ("Association") was established pursuant to Hawai'i Revised Statutes ("HRS") Chapter 514B, and consistent with HRS § 514B-143(g) provides that the Board of Directors ("Board") may require owners to obtain their own insurance for all improvements in the Apartment.

HRS § 514B-143 states (bold emphasis added):

(g) The board, with the vote or written consent of a majority of the unit owners, may require unit owners to obtain reasonable types and levels of insurance. The liability of a unit owner shall include but not be limited to the deductible of the owner whose unit was damaged, any damage not covered by insurance required by this subsection, as well as the decorating, painting, wall and floor coverings, trim, appliances, equipment, and other furnishings.

If the unit owner does not purchase or produce evidence of insurance requested by the board, the directors may, in good faith, purchase the insurance coverage and charge the reasonable premium cost back to the unit owner. In no event is the association or board liable to any person either with regard to the failure of a unit owner to purchase insurance or a decision by the board not to purchase the insurance for the owner, or with regard to the timing of its purchase of the insurance or the amounts or types of coverages obtained.

This Policy to require insurance is important to provide coverage for personal property, apartment improvements, betterments, additions and alterations, additional living expenses, and personal liability of each individual owner. Without coverage for an owner's apartment, an apartment owner who has fire, water damage or any other insured peril may find that the apartment will be rebuilt to its original condition, without any improvements or upgrades.

In addition, the Association may charge the deductible for the Association's insurance policy to a unit that caused damage or is affected by damage pursuant to HRS § 514B-143(g), and therefore, loss assessment/deductible coverage is also important for owners. The Association's current deductible is \$25,000.

Pursuant to HRS § 514B-143(g), the Association obtained the vote of a majority of the apartment owners at its annual owners meeting on January 29, 2011 to enable the Board to adopt a policy to require apartment owners to obtain reasonable types and levels of insurance.

NOW, THEREFORE, BE IT RESOLVED that the Board does hereby adopt the following policy which applies to all Owners:

1. Apartment Owners are mandated to secure insurance coverage for their unit, adhering to minimum coverage limits that include: \$25,000 for dwelling (improvements and

betterments); a Loss Assessment coverage with a limit of \$25,000 or up to the maximum amount provided by the homeowner's insurance policy, whichever is lesser; and \$300,000 for liability coverage, commonly referred to as an "HO-6" policy or its equivalent. It is highly recommended that owners also secure \$25,000 coverage for personal property. The specified minimum coverage amounts are dynamic and may be adjusted by the Board as necessary to align with the association's policy deductibles or for other considerations at the Board's discretion..

2. The liability of an apartment Owner shall include the deductible of the Owner whose apartment was damaged, including any damage not covered by insurance, and the decorating, painting, wall and floor coverings, trim, appliances, equipment and other furnishings.

3. If the apartment Owner does not purchase or produce evidence of insurance requested by the Board, the Directors may, in good faith, purchase the insurance coverage and charge the reasonable premium cost back to the apartment Owner as a special assessment with an administrative fee not to exceed \$50.00.

4. In no event is the Association or Board liable to any person either with regard to the failure of an apartment Owner to purchase insurance or a decision by the Board not to purchase the insurance for the Owner, or with regard to the timing of its purchase of the insurance or the amounts or types of coverages obtained.

IN WITNESS WHEREOF, the Board of Directors on behalf of the Association of Apartment Owners of Kai Makani has adopted and executed this Policy at a Board meeting on the 2nd day of April in the year 2024.

**ASSOCIATION OF APARTMENT OWNERS OF KAI
MAKANI**

Stephen R. Ibech
Printed Name

Stephen R. Ibech
Signature
Its: President

DAVID LOVEJOY
Printed Name

David Lovejoy
Signature
Its: Secretary