

Coverages	<i>Masterpiece</i> Condo/Co-op "Preference"	<i>Masterpiece</i> Deluxe Condo/Co-op	ISO HO-6 Condominium Owners
Additions & Alterations	All risk	All risk	Named perils
Contents (Condo/Co-op)	All risk	All risk	Named perils
Unit Assessments	\$100,000	\$50,000	\$1,000
Unit Assessments – due to Master Policy Deductible	\$10,000	\$1,000	Within \$1,000 total unit assessments limit
VAC – Jewelry	\$25,000 minimum blanket or itemized included	Optional	Optional (HO-61 endorsement)
VAC – Fine Arts	\$50,000 minimum blanket or itemized included	Optional	Optional (HO-61 endorsement)
VAC – Silver	\$25,000 minimum blanket or itemized included	Optional	Optional (HO-61 endorsement)
Family Protection coverage*	Included	Optional	Not available
Special Limits			
Money	\$1,500	\$1,000	\$200
Trailers	\$5,000	\$3,000	\$1,500 (other than watercraft trailers only)
Golf Carts	\$5,000 all risk	Covered under specific circumstances	Covered under specific circumstances
Watercraft	\$10,000	\$2,000	\$1,500 (limit includes watercraft trailers)
Grave Markers	\$10,000	\$5,000	\$5,000
Extra Coverages			
Landscaping	\$5,000 per tree/shrub	\$1,000 per tree/shrub	\$500 per tree/shrub
Tree Removal	\$1,500	\$1,000	\$1,000 (no more than \$500 per tree)
Business Property submit for electronic data processing equipment away from premises	\$10,000	\$2,500	\$500 <i>All</i> business property (including electronic data processing equipment) away from premises
Electronic Data Restoration	\$10,000	\$5,000	\$1,500 (restoration of only certain electronic data as described in 'valuable papers' coverage)
Fire Department Charges	\$2,500	\$1,000	\$500
Lock Replacement	\$2,500	\$500	No coverage

* Family Protection coverage is not available in all states.

Chubb refers to the insurers of the Chubb Group of Insurance Companies. This document was prepared solely by Chubb and highlights coverages for policies as of October 1, 2004 and is subject to change without notice. This literature is descriptive only. Actual coverage is subject to the language of the policies as issued. Whether or to what extent a particular loss is covered depends on the facts and circumstances of the loss and the actual coverage of the policy as issued.

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Questions & Answers

Q. What are *Masterpiece* Condominium and Cooperative Preference policies?

- A.** *Masterpiece* Condominium (Condo) and Cooperative (Co-op) Preference are new policies which Chubb has added to its suite of *Masterpiece* coverages. These products are available to customers in select states who value the convenience of many enhanced coverages packaged within one policy.

Q. What are some of the main features of *Masterpiece* Condo and Co-op Preference?

- A.** *Masterpiece* Condo and Co-op Preference include:
- \$100,000 of loss assessments coverage
 - \$10,000 for covered loss assessments resulting from a deductible in the association's Master Policy insurance program
 - Significant built-in coverage for jewelry, fine arts and silverware
 - *Masterpiece*® Family ProtectionSM coverage

Q. What are some of the key benefits of *Masterpiece* Condo and Co-op Preference?

- A.** Here are several key benefits:
- **High limit of loss assessments coverage and loss assessments deductible coverage** minimize potential gaps between your insured's coverage and that of the condo/co-op association, thus reducing the likelihood of a dispute at the time of loss.
 - **Recognizing today's growing exposure of laptop and PDA theft as well as data corruption due to computer viruses, we have increased limits for these key coverages:**
 - ☞ \$10,000 off-premises electronic data processing equipment (under Business Property)
 - ☞ \$10,000 electronic data restoration
 - **Significant coverage limits with no deductible for lock replacement and fire department charges** help assure minimal out of pocket expenses for your insured should these inconvenient expenses arise.
 - ***Masterpiece* Family Protection provides** condo & co-op dwellers "peace of mind" that many expenses will be covered should a covered person fall victim to any of several traumatic crimes.

Q. How can I market *Masterpiece* Condo and Co-op Preference to prospective condo/co-op customers?

- A.** Here are a few suggestions:
- Develop mailings to specific buildings or developments where Chubb's value proposition will resonate with residents.
 - Educate prospective customers about the importance of sufficient insurance for additions & alterations and loss assessments coverage.
 - Build affiliations and partnerships with high-end condominium and cooperative property managers, to help enhance their value to unit owners.

Loss Scenarios

Additions & Alterations (A&A Coverage)

- ★ A&A provides the insured with coverage not only for interior improvements made to a condominium unit, but also for the portions of the interior that are the insured's responsibility under the Master Deed.
- ★ Oftentimes the insured is responsible for "the studs in", meaning coverage is needed for damage or destruction to certain property like interior walls, ceilings, floors, electrical, plumbing and HVAC systems, as well as windows and exterior doors.
- ★ The challenge is to help insureds understand that a condominium policy is not simply a Contents form, but rather similar to a homeowners policy that covers everything except the shell of the house (roof and exterior surfaces).

The Dryer Fire

Mr. Smith lives in a historic townhouse in an upscale condominium development. On his way out, he put his laundry in the clothes dryer located in a built-in closet on the ground floor of his home. Within an hour, the dryer caught fire due to excessive lint in the exhaust filter. The fire destroyed the dryer and the surrounding plaster walls, tile floor, ceiling and decorative doors of the built-in closet. The condo was not a total loss, but the fire fighting efforts caused additional damage. The sliding glass doors were shattered, and Mr. Smith's imported antique carpets, as well as the padding and some of the subfloor were completely destroyed by water damage.

What would Mr. Smith's insurance policy pay? Do you know what the association's Master insurance policy covers?

If Mr. Smith is like many condominium owners, he will likely have coverage for his appliances and carpets, subject to a policy deductible on his contents policy. The association's insurance policy may pay for the patio doors and replacement of the subfloor as part of the condo building. All other damaged property in the condo unit is considered additions and alterations and Mr. Smith's responsibility. With *Masterpiece* Condominium Preference there is coverage for any portion of the unit that is Mr. Smith's responsibility under the Master Deed.

Loss Assessments

- ★ Loss assessments offer condominium associations the ability to spread out the uncovered costs resulting from a loss to common area property or a liability claim deriving from a common area.
- ★ With increasing costs for commercial property coverage, many associations have opted for higher master policy deductibles. This in turn has increased the likelihood of more frequent and severe loss assessments to unit owners, especially assessments resulting from master policy deductibles.
- ★ Unit Assessments coverage helps protect insureds when such assessments are the result of a loss that would be covered under their Condo and Co-op Preference policies.

The Pool Party

Mrs. Anderson lives in a beautiful, private condo development. She invited eight of her son's friends to a pool party and barbecue to be held at her development's pool, in celebration of his 10th birthday. One of the children was on the high dive when a supporting bolt came loose. The boy lost his balance and fell, hitting the side of the pool and breaking his leg. His parents sued the association for negligent maintenance of the diving board. The condominium association's master insurance policy covered the loss, less their deductible, which was \$100,000. The homeowners were each assessed \$5,000 to fill the gap in coverage caused by the association's policy deductible. Most of the unit owners had insurance that covered them up to \$1,000 toward their association's insurance deductible. Mrs. Anderson is fortunate. She has a *Masterpiece* Condominium Preference policy and is fully covered up to \$10,000.