

THE OHIO CONDO & HOA BOARD RISK CHECKLIST

Critical Insurance & Legal Realities for Modern Associations

The landscape of running a community association in Southwest Ohio has shifted dramatically. Volunteer board members face heavier personal liability and more complex insurance markets than ever before. Use this checklist to audit your current coverage.

THE 5 MODERN CRISES FACING BOARDS

- **The "Renter-Occupied" Phenomenon:** High tenant ratios increase insurance claims for water damage and liability. Owners must upgrade to landlord policies, and tenants should carry HO-4 renters insurance.
 - **Severe Convective Weather:** Following the legacy of massive wind events like Hurricane Ike, carriers are moving away from low flat deductibles. \$5,000 to \$10,000 deductibles are now the standard starting baseline.
 - **The Great Exterior Cost-Shift:** To avoid premium spikes, some associations are amending bylaws to make individual unit owners responsible for their own windows, siding, or roof sections. Do your owners know their HO-6 policies might leave them completely exposed?
 - **Stricter Bank Flood Enforcement:** Lenders can no longer ignore flood insurance. If a building touches a flood zone, the bank will halt unit closings and refinances until the association secures a master Residential Condominium Building Association Policy (RCBAP).
 - **The ITV Trap:** Ohio law requires a 90% floor for replacement coverage, but soaring post-inflation construction costs make this dangerous. Smart boards now demand professional insurance appraisals and insist on **100% Insurable to Value (ITV)** to avoid coinsurance penalties.
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ARE YOU MEETING YOUR FIDUCIARY DUTIES?

Most Ohio associations are set up as non-profit corporations. Under **ORC 1702.30(B)**, you face personal civil liability if you breach these three individual expectations:

- **The Duty of Care:** You must act in good faith and with the care of an ordinarily prudent person. You cannot simply "rubber stamp" complex insurance and legal documents.
 - **The Duty of Loyalty:** You must place the association's interests over your own. You must transparently disclose any conflicts of interest.
 - **The Duty of Obedience:** You are individually required to know, understand, and comply with state and federal laws (including ORC 5311 and 5312), as well as your community's specific recorded declarations and bylaws.
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STATUTORY COVERAGE REQUIREMENTS

- **ORC 5311.16 (Condominiums):** Fidelity coverage must equal the maximum funds in custody plus 3 months of operating expenses.
 - **ORC 5312.06 (Homeowners Associations):** Unlike condos where it is highly recommended, carrying Directors and Officers (D&O) liability insurance is a **strict statutory requirement** for planned communities.
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GET A FREE ASSOCIATION AUDIT

Review your declarations, check your flood exposure, and construct a fortress of protection.

Terry McCarthy, CLU®, ChFC®

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