[Condominium Association Name]
[Mailing Address]
[City, State, Zip Code]
[Date]

[Unit Owner Name]
[Unit Number/Address]
[City, State, Zip Code]

Subject: Notice of Annual Inflation Guard Adjustment to Building Coverage

Dear Unit Owner,

This letter serves as formal notification regarding the automatic "Inflation Guard" adjustment to the [Condominium Association Name] master insurance policy.

To ensure that our community remains fully protected against rising construction costs and material prices, the Board of Directors maintains an inflation guard provision. This provision automatically adjusts the total replacement cost value of our buildings and common elements on an annual basis.

Adjustment Details:

- **Current Policy Period:** [Start Date] to [End Date]
- **Inflation Adjustment Percentage:** [Percentage]%
- **New Total Building Valuation:** $[Amount]

This adjustment ensures that the Association remains in compliance with our governing documents and state statutory requirements to provide 100% replacement cost coverage. This proactive measure prevents the Association from being underinsured in the event of a total loss.

Impact on Assessments:
Due to the increase in the total insured value, there will be a corresponding adjustment to the insurance premium portion of your monthly assessments. Your new assessment amount of $[Amount] will take effect on [Date].

We recommend that you provide a copy of this notice to your personal insurance agent to ensure your HO-6 (unit owner) policy is properly coordinated with the Association's updated master policy limits.

If you have any questions regarding this adjustment, please contact the Management Office at [Phone Number] or [Email Address].

Sincerely,

[Name]
[Title, e.g., Board President or Property Manager]
[Condominium Association Name]