

## INSURING CONDOMINIUM ASSOCIATIONS

Current Statutes define the way Condominiums and their unit owners manage their insurance needs. It is important that Association Board members, owners and managers understand the Statutes and how they will affect their master policies and individual unit owner policies as they determine their insurance needs.

The declaration of condominium ("condo docs") no longer dictates the full insuring responsibilities of the condominium association or its unit owners. This applies to every condominium association across the state, regardless of the date of its declaration of condominium. Under the insurance section of §718.111 (11), part (b) refers to the condominium association's insuring responsibilities for the following items:

1. The master policy will insure all portions of the Condominium building located on the exterior of the units. That will include but not be limited to the exterior walls, roof, windows, doors and other exterior building components.
2. The Condominium master policy of insurance will also insure the interior of the units on the basis of how such property was originally installed, or the replacement of any portion of the inside of a unit based on like kind and quality of materials and workmanship and in accordance with the original plans and specifications of the building or, if the original plans and specifications are not available, as they existed at the time the unit was initially conveyed. Essentially the master policy will insure the interior partitions, doors and other structural/functional components including but not limited to drywall, electrical wiring inside the walls, plumbing pipes inside the walls and the tub, shower stall and toilet in the bathroom(s).
3. As well the master policy of insurance will also be responsible to cover any other building items which the governing documents of the community require coverage by the association. The documents can require more but not less.

*The following property components are excluded from the property and casualty master policy of insurance maintained by the Condominium Association and are the responsibility of the individual unit owners to insure on their unit owner's policy.*

- ◆ Floor coverings (carpet, pad, tile, linoleum)
- ◆ Wall coverings (paint, wallpaper)
- ◆ Ceiling coverings (paint, "popcorn", texture coating, drop ceilings)
- ◆ Electrical fixtures (lighting, ceiling fans, chandeliers, switch/plug plates)
- ◆ Appliances
- ◆ Water heaters
- ◆ Water filters
- ◆ Built-in cabinets and countertops (kitchen and bath)
- ◆ Window treatments (curtains, drapes, blinds, hardware, and similar window treatment components)
- ◆ Replacements of any of the foregoing which are located within the boundaries of a unit and serve only one unit
- ◆ NOTE: The unit owner's policy no longer covers damage to the A/C system. That responsibility has now been transferred to the Association to insure

The Florida Statutes no longer require the unit owner obtain a condominium unit owner's insurance policy (HO-6 or equivalent) to insure the above items. However the unit owner must still include \$2,000 of loss assessment coverage when they do chose to secure a proper condominium unit owner's policy. While there is no statutory requirement that unit owners purchase a unit owner policy, it is strongly recommended that the Association adopt guidelines that require all owners buy a such a policy to assure that all units are properly protected and so that they can be returned to a habitable condition in the event of a catastrophe.

The unit owner's policy covers three specific areas:

\*First is coverage for the owner's personal belongings/contents (furniture, clothing etc).

\*Second is separate coverage for the items listed above (floor coverings, wall coverings etc).

The coverage for these items is referred to as unit owners' additions and alterations or building coverage by most insurers. It is important that the coverage on the building items be endorsed to include replacement cost loss adjustment and special form perils of coverage as those options are not automatically included. The recommended amount of coverage is \$40-\$60 per square foot of living area of the unit (or more) based on the quality of materials, workmanship or upgrades of the individual unit.

\*Third is adequate personal liability with limits of \$300,000 to provide protection to the unit owner for injuries or damages they may cause and be responsible for within or outside of their unit.

Consult your professional agent for guidelines on how to manage these important coverage considerations as the insurance companies often have differing guidelines and coverage definitions.

Each unit owner will likely have different insurance needs based on proper valuation of their contents within the unit, possible need for specific coverage on jewelry, silver, antiques or fine arts and certain other coverage such as an extension to allow for rental of the unit or for flood damage.

The Association master policy will cover all other structural components of the insured building less the unit owner responsibility and less items not covered by the standard property policy (slab, infrastructure, paved surfaces and walkways, landscaping and underground pipes and utilities). It is also important to understand that neither the master policy nor the unit owner policy covers flood damage, wear, tear and deterioration over time, faulty materials or workmanship or intentional acts. Also note that the Association is always responsible to repair any drywall damage unless negligence can be proven against the unit owner or another third party.

This overview was prepared by Louis R. Biron. Lou is a professional insurance agent and program manager with over thirty five years experience underwriting and insuring Community Associations. . He is an agent with The Sihle Insurance Group in Altamonte Springs, FL and is a past President of the local chapter of Community Associations Institute (CAI) and current member of the Florida Legislative Alliance (CAI's LAC for Florida). For additional questions he may be reached at 407-389-3593/800-728-0988x1407 (office), 407-252-0239 (cell) or [lbiron@sihle.com](mailto:lbiron@sihle.com).

## Florida Condominium Insurance Coverage

Disclaimer: All coverage decisions must be made on a claim by claim basis depending on the specific facts and circumstances of the individual claim. The information below is a guide only.

We owe per FS 718.111(11)3(f): (f) Every property insurance policy issued or renewed on or after January 1, 2009, for the purpose of protecting the condominium must provide primary coverage for:

1. All portions of the condominium property as originally installed or replacement of like kind and quality, in accordance with the original plans and specifications.
2. All alterations or additions made to the condominium property or association property pursuant to s. 718.113(2).
3. The coverage must exclude all personal property within the unit or limited common elements, and floor, wall, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, and window treatments, including curtains, drapes, blinds, hardware, and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of the unit and serve only such unit. Such property and any insurance thereupon is the responsibility of the unit owner.

Condominium Building Components - Statutory responsibility to insure	Condominium Association Master Policy Insurability	Condominium Association Unit Owner Insurability
Structural components of the building	X	
Wood wall framing, masonry walls, steel studs, concrete walls, blocking, fire stops, insulation etc.	X	
Insulation both wall, ceiling and floor	X	
Roofing and roof structure including all framing sheathing, soffits, exterior trim, gutters, fascia etc.	X	
Subflooring, gypcrete, underlayment, radiant heating systems in the floor, embossing leveler (We owe for all prep except the actual finished floor installation, rubber base, or shoe molding that is an integral part of the finished floor)	X	
Electrical wiring including all finish other than "electrical fixtures" per the original plans and specifications. (includes switches and receptacles) telephone wiring, cable wiring, central vacuum	X	
Plumbing including fixtures (toilets, sinks, bidets, shower pans, bathtubs, faucets, etc.) other than the "water heater" and "water filters" if within the boundaries of the unit. Tile or other "wall covering" for a shower or bathtub would be considered a wall covering and a part of the Unit Owners responsibility	X	
HVAC equipment, ducts, registers, thermostats, compressors, air handlers, air filters, humidifiers, exhaust fans including ductwork, stove hood ductwork only, etc., if a part of the original installation (window air conditioners are considered contents)	X	
Fire Alarm, fire sprinkler, or burglar alarm systems that protect all units within the condominium that were originally installed or installed by the Association	X	
Burglar Alarm systems that protect one unit only - Unless originally installed		X
"Unfinished Drywall", plaster etc.	X	
Windows, glazing, sills, casing, any decorative trim other than "window treatments" etc. described	X	
Doors, closet doors, glass doors, jambs, casing, sills, locks, hardware and trim	X	
"Ceiling Coverings" - acoustic ceiling sprays, textures, wood paneling or similar, tiles		X
"Wall Coverings" - paint, texture, primer, PVA, wallpaper, paneling, mirrors, tile		X
"Electrical Fixtures" - (light fixtures, ceiling fans does not include switches and receptacles)		X
"Floor Coverings" - carpet, floor tile, wood flooring linoleum etc. (including rubber base, base shoe moldings or other trim that is integral to the finished floor covering installation. underlayment and embossing leveler and other such preparations for the installation of the finished floor would be the responsibility of the Master Policy.)		X
Baseboards, chair rails, crown molding, closet shelving, any trim not associated with a door or window but within the unit and not an addition to the original unit. Do not include closet organizers installed by the unit owner	X	
"Built-in cabinets and countertops" - including trim for the cabinets (We owe the cabinets as originally installed any upgrades would be the responsibility of the Unit Owner's Insurance)		X
Towel bars, toilet paper holders, shower rods, shower doors, shower glass enclosures etc.	X	
"Appliances" - (stove, dishwasher, trash compactor, cooktop, refrigerator built-in or not, freezer, stove hood, washer, dryer etc.)		X
"Water Heaters" - (within the boundaries of the unit)		X
"Water Filters" - (within the boundaries of the unit)		X
"Curtains, drapes, blinds, hardware and similar window treatments components"		X
"Personal property within the unit or limited common elements" - unschedule and scheduled personal property including window air conditioners		X
"All portions of the condominium property as originally installed or replacement of like kind and quality, in accordance with the original plans and specifications." Upgrades are the responsibility of the Unit Owner's Insurance	X	
"All alterations or additions made to the condominium property or association property pursuant to s. 718.113(2)." Needs 75% of the vote of the members of the association.	X	
<b>Unit owner property</b> - If it needs to be removed and resintalled for access to make a covered repair to Condominium Association Master Policy covered property. Examples: appliances, electrical fixtures, cabinets, countertops, paint, wallpaper, floor coverings, acoustic, wall tile, unit owner property, water heaters, water filters and window treatments.	X	