

Insurance & Budget related

Changes to Chapter 718 Florida Statutes

Valuation: Association insurance must be based on the replacement cost of the property as determined by an *"independent insurance appraisal"* done at least every 36 months.

Citizens or other insurance companies may want to have a more recent valuation.

Major change - heating, ventilating, and air conditioning (HVAC) equipment is no longer excluded property under the association master insurance policy. This includes air handlers, heat pumps, thermostats, compressors, and duct work whether located within the units or not. The above items must now be covered by association master policy.

Note that the statute does not change the responsibility of maintenance and repair. This is addressed in the bylaws and is typically the responsibility of the unit owner.

The master policy now excludes: 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 curtain, drapes blinds, hardware and components.

Deductible: In selecting a deductible the board must do so in a manner that is *consistent with industry standards and the prevailing practice for communities of similar size and age, and having similar construction and facilities in the locale where the condominium property is situated.*

For Palm Beach, Broward, Dade and Monroe Counties prevailing would be 3%, 5%, and some cases 10%.

In addition, the deductible may be based upon available funds, including reserve accounts, or predetermined assessment authority at the time the insurance is obtained.

The bill requires as part of a board meeting open to all unit owners and notice of such meeting stating: 1) the proposed deductible, 2) available funds, 3) the assessment authority relied upon by the board, 4) estimates of the potential assessment amount to each unit.

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Unit Owner Policy:

- Must include "special assessment" coverage of no less than \$2,000 per occurrence.
- Policy to cover personal property and improvements and alterations made by unit owners that benefit fewer than all residents shall be insured by the unit owner(s) benefiting from the improvements.
- Unit owner policy must name the association as an additional named insured.
- The association shall require the unit owners to produce evidence of hazard and liability insurance, but not more often than annually. Upon the failure of an owner to provide a certificate of insurance issued within 30 days, the association may purchase a policy of insurance on behalf of an owner. The cost of such a policy, together with reconstruction costs which are the responsibility of the unit owner, may be collected via assessment.

Note it is up to the association to enforce this requirement.



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