

# BABB Property Pro

## Summary Review of Legislative Changes

During the **2003** legislative session, Senate Bill 592 made changes to the statutes (specifically 718.11) that address how insurance coverage must be provided under the condominium master policy and the individual unit owner policies.

In the **2007** special legislative session, the word “residential” was added to the statutes in 718.111(11) and 718.111(11)(a) to indicate that the statutes applied only to residential condominiums.

During the **2008** legislative session, House Bill 601 made further changes. A few of the changes were 1) \$2,000 of loss assessment coverage; 2) mandatory unit owner insurance; 3) the association can force place coverage for the unit owner and the unit owner will be assessed for payment.

Senate Bill 714 was introduced on **July 1<sup>st</sup>, 2010** as a result of backlash over “mandatory insurance.” There was no enforcement mechanism specified in the statute so the statute was hard to enforce. As a result, unit owners are no longer required to provide proof of their coverage.

Effective **July 1<sup>st</sup>, 2013**, Florida Statute 718.111(11) was amended to provide that the association is only responsible for damages caused by *insurable events*. The Bill specified that *the association may collect the cost of reconstruction work for damages in the same manner provided for collection of assessments* incurred by a unit owner’s intentional conduct, negligence or failure to comply with association rules. (Please note the only new verbiage added to the Bill is represented in *italics* above.)

Below is a summary of the condominium insurance law as currently written:

- The statute applies to every residential condominium in the state, regardless of the date of its declarations. Nothing in Chapter 718 relating to insurance applies for a non-residential condominium.
- In condominiums where there is only one unit in a free standing building, the association is not required to insure that building of the condominium declarations require the unit owner to obtain adequate insurance on the condominium property.
- The condominium board may satisfy the requirement to obtain “adequate insurance” if the policy contains a reasonable deductible as determined by the board. There is no definition of “reasonable.”
- The master policy shall provide primary coverage for the following:
  - All portions of the condominium property as originally installed or replacement of like kind and quality, in accordance with the original plans and specifications. (*This includes items such as drywall, sheetrock, unfinished walls, unfinished floors, interior doors, interior non-load bearing walls, closet*

*doors, closet rods, bath tubs, sinks, and toilets as long as items such as these were initially installed by the builder or are replacements of like kind and quality.)*

- All alterations or additions made to the condominium property or association property pursuant to s. 718.113(2).
- Air conditioning system(s), no matter where located, are the primary insurance responsibility of the association. This change took place during the 2008 legislative session.
- The law provides that the following property components are excluded from the property and casualty insurance maintained by the condominium association. Coverage for these items would be obtained by the unit owners.
  - Floor coverings, wall coverings, and ceiling coverings.
  - Electrical Fixtures
  - Appliances
  - Water Heaters/Filters
  - Built in cabinets and counter tops.
  - Window treatments, including curtains, drapes, blinds, and hardware.
  - Replacements for any of the above listed property.
- Unit owners are responsible for any interior additions and upgrades that are not of like kind of quality to the original interior building items.
- Unit owner policies shall be without rights of subrogation against the condominium association.
- The Statute requires every condominium unit owner policy (HO-6) issued in Florida must include loss assessment coverage of no less than \$2,000 per occurrence.

What this means for the unit owner is that increased coverage may be required under the unit owner policy. When advised of this fact it's likely that the first call will be to the insurance agency with the question of, "How much coverage should I carry?" The amount of coverage should be based on:

- The property not covered by the master policy shown above and on attached HO-6 worksheet.
- Any property which the association By Laws require unit owners to insure.
- Additions and alterations inside the unit which are not of like kind and quality when compared to the original installed property.

\*\*\*\*Please not, there is no verbiage in The Florida Statute to prohibit a condominium association board from drafting By Laws requiring unit owners to obtain an HO-6 insurance policy.

## BABB INCORPORATED

2451 First St., • Fort Myers • Florida • 33901  
 Phone: 239-333-1320 Fax: 239-333-1760

850 Ridge Ave. • Pittsburgh • Pennsylvania • 15212  
 Phone: 800-892-1015 Fax: 412-322-1756

### Unit Owner Insurance Responsibilities

Per Florida Statute 718	Amount
Interior Paint	\$
Carpet	\$
Tile / Vinyl	\$
Ceiling Tiles / "Popcorn"	\$
Interior Lights	\$
Ceiling Fans	\$
Exhaust Fans	\$
Stove/Oven	\$
Built In Microwave	\$
Dishwasher	\$
Refrigerator	\$
Garbage Disposal	\$
Water Heater	\$
Water Filtration Systems	\$
Kitchen Cabinets	\$
Bathroom Cabinets	\$
Laundry Room Cabinets	\$
Counter Tops	\$
Curtains, Blinds & Hardware	\$
<b>Total</b>	<b>\$</b>

Upgrades & Additions	Amount
Bath Tubs	\$
Sinks	\$
Toilets	\$
Windows	\$
Interior Shutters	\$
New Interior Walls	\$
Other _____	\$
Other _____	\$
Other _____	\$

Per Florida Statute 718 Total	\$
Upgrades & Additions Total	\$
<b>Coverage A- Dwelling Total</b>	<b>\$</b>

Coverage C- Personal property	Amount
Furniture	\$
Rugs	\$
Hangings	\$
TV, VCR, DVD Player, Stereo, Tapes., CDs, Etc.	\$
Computer(s)	\$
Bedding	\$
Linens	\$
Paintings, Prints, Photos	\$
Chinaware	\$
Glassware	\$
Sports Equipment	\$
Cameras & Photographic Equipment	\$
Wardrobe	\$
Books	\$
Jewelry	\$
Other _____	\$
Other _____	\$
Other _____	\$
Other _____	\$
<b>Total</b>	

Please note, value limitations may apply to certain policies regarding some items (i.e. artwork, jewelry, etc.)