



Services, Inc.

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NATIONAL
1-800-340-4546

DATE: June 2009
TO: Board of Directors
FROM: Steve Inglis, PCAM
RE: **CONDO INSURANCE**

Over the years, I have seen the condominium insurance laws change back and forth. This year is no exception. However, the entire insurance section was deleted and substantially rewritten effective January 2009. Then it came out that the Governor was going to repeal the new language effective July 1st, however, at the recent legislative session, the Governor vetoed the repeal. Obviously the insurance company lobbyists are very strong. Therefore, the Condominium Board of Directors need to understand these major changes.

An HO6 (Homeowner Contents & Liability Policy) is still required, but per the new Florida Statutes, the unit owners are required to provide the following:

- Effective January 1, 2009, the association shall require each owner to provide evidence of a currently effective policy of hazard and liability insurance upon request. If an owner fails to provide a certificate of insurance within 30 days of the request, the association may purchase a policy of insurance on behalf of the owner. The cost of the policy will be the responsibility of the unit owner. Each policy must include special assessment coverage of no less than \$2,000 per occurrence all of the policies must provide at least \$2,000.00 loss assessment coverage per occurrence (which is good, given the high deductible many of the condominium insurance policies carry). The Condominium Association must also be an additional named insured and loss payee on all casualty insurance policies issued to unit owners in the condominium operated by the association. This should not add a lot to the cost of the owner's policy, but because every policy has its own expiration date, this will become an administrative nightmare.
- The state also made a change stating that air conditioning units, even if they service one unit, is an insurable item for a loss under the Condominium Association Insurance Policy. This is for a loss, not normal wear and tear.
- The unit owners are responsible for the cost of reconstruction of any portion of the Condominium property for which the unit owner is required to carry casualty insurance, and any work undertaken by the Association shall be charged to the unit owner.

With all of these changes to the insurance, we feel it is important to maintain this information. The insurance agent feels the Condominium Associations "must", and the attorneys feel the Condominium Associations "may".

We have had our current software updated to allow us to track the unit owners' insurance policy expiration dates and receipt of certificates of insurance. We will send nice and strong letters requesting proof of hazard and liability insurance, track receipt of the certificates and work with the association in the purchase of insurance on behalf of a unit owner if necessary and if the Board so chooses. However, this tracking is not in our scope of work. If your Association wishes for us to track these expiration dates and receipt of certificates, etc., there will be a charge of \$.50 per unit per month which would be a cost against the association's insurance line item. Bristol will not assume the liability if an owner does not obtain insurance. We request that the Board review these new changes and decide the best course of action for your Association. Attached is an addendum to our management agreement and waiver for your consideration.

Maintaining Communities in "Bristol" Condition



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NATIONAL
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DATE: July 1, 2009
TO: ALL CONDOMINIUM OWNERS
FROM: Steve Inglis, PCAM
RE: **CONDOMINIUM INSURANCE REQUIREMENT**

Each owner must obtain insurance per the 718.111(11)(g)(2).

"The Association shall require each owner to provide evidence of a currently effective policy of hazard and liability insurance upon request, but not more than once per year. Upon the failure of an owner to provide a Certificate of Insurance issued by an insurer approved to write such insurance in this state within 30 days after the date on which a written request is delivered, the Association may purchase a policy of insurance on behalf of an owner. The cost of such a policy, together with reconstruction costs undertaken by the Association but which is the responsibility of the unit owner, may be collected in the manner provided for the collection of assessments in Statute 718.116."

This letter shall serve as the Board's formal request for a Certificate of Insurance for an H06 Policy. The statute requires that the Condominium be named insured and a minimum of \$2,000 loss assessment coverage which will help the owners defray the cost of a special assessment for the Condominium deductible.

Please send this letter to your insurance agent and have them send Bristol Management a Certificate of Insurance that meets these legal requirements. Make sure the agent knows the legal name of the Condominium Association. Our fax number is (561) 575-5423 or you can email to Bristol via our Web Site under insurance. Any one who wishes additional information on this statute may go to our Web Site and review the information on the topic.

We expect to see a 10% increase in property insurance (windstorm) for the condominium, and with the new requirement that the A/C units are a covered peril, the insurance appraisals are likely to increase because the appraised value must be at "full insurable value". As a rule of thumb – "Fannie Mae / Ginny Mae" require a minimum of 10% of the value of the mortgage for your H06 Policy. This amount will barely be enough to cover the building build out that you as the Owner are responsible for and nothing for your personal belongings.

This is a complicated issue so please speak to **your insurance agent to comply with the Florida Statute.** This letter shall serve as formal notice of failure to comply may result in a personal special assessment and/or financial liability in case of a loss.

Thank you for your understanding and cooperation in this matter. Due to the statute the Board has an obligation to request this information.

INSURANCE CLAIM FORM

If you have suffered a loss inside your unit, please report the loss to your Unit owner's HO-6 carrier. Please complete the information below and provide to the Property Manager so that a claim can be reported to the Association Insurance carrier. An Insurance Adjuster will need access to your unit to assess the damages. Any claim payment will be made in the name of the Association. In the meantime, we urge you to take individual responsibility for your unit to protect your property from further damage. It is very important that you take photographs of the damage and keep your receipts for expenditures. The Association's Insurance policy will not cover your personal possessions. **Please fax the completed form to Bristol Management at (561) 575-5423 or email via our Web Site www.bristolmanagement.com.**

Association Name: _____

Date/Time of Occurrence: _____

Owner Name: _____

Property Address where claim occurred: _____

Mailing address if different: _____

Contact Name to view damage: _____

Contact Numbers: Home: _____ **Work:** _____

Or Cell: _____

Unit owners Insurance Co: _____ **Policy No.** _____

Description of occurrence: _____

Any person who knowingly and with the intent to injure, defraud or deceive any insurance company files a statement of claim containing false, incomplete or misleading information is guilty of a felony.

Property Mgmt Co. and Property Manager: _____

Owner's Signature: _____