

BRISTOL MANAGEMENT SERVICES INC.

DATE: September 2008
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 and it is important that the Condominium Board of Directors 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.