



Brandywine Condominium Association

1398 South Brandywine Circle

Fort Myers, FL 33919

Presented by:

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And

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Palm Insurance Management

1-866-612-1596

www.pimfl.com

Condominium, Townhome and Homeowner Insurance Coverage Overview

I. Commercial Property (Hazard)

A. Cause of Loss forms

1. Basic: named perils, e.g. – fire, lightning, wind/hail, explosion, smoke, aircraft/vehicle, vandalism, riot, sinkhole, and civil commotion.
2. Special: covers all direct loss to property except for exclusions. An example of exclusions would be ordinance and law, earth movement, governmental action, war, flood, wear and tear, mechanical breakdown.
3. Broad Form: expands named perils to include breakage of glass, falling objects, weight of snow or ice, water damage and collapse. This cause of loss form is generally not written.
4. D.I.C. (Difference in Conditions): this form is written in conjunction with a basic form policy (Citizens policy) to bring it to special form. D.I.C. can also be referred to as a WRAP policy and can also include coverage for mold.

B. 1 Co-Insurance: the minimum amount required by the insurance contract to avoid penalties by the insured.

B. 2 Agreed Amount: a property insurance provision in which the insurer agrees to waive the co-insurance requirement. To obtain an agreed amount, insurers require a statement of property values signed by the insured as a condition of activating or including an agreed value provision in a commercial property policy.

The equation below is used to calculate the amount paid if the insured did not carry enough insurance.

$$\frac{\text{Amount of insurance purchased}}{\text{Amount of insurance should have purchased}} \times \text{Loss amount} - \text{Deductible} = \text{Amount paid for the loss}$$

C. Replacement Cost versus Actual Cash Value

1. Replacement Cost – the cost to replace the property on the same premises with other property of comparable material used for the same purpose.
2. Actual Cash Value – the cost to replace with new property of like kind and quality, less depreciation.

D. Deductibles

1. Wind/Hail, Named Storm or Hurricane

a. 2% - 10%

b. Calendar Year or Per Occurrence

2. All Other Perils – this would be for any loss other than Wind/Hail, Named Storm or Hurricane

a. \$500 - \$25,000

II. General Liability

A. Provides coverage for the premises and operations of the association for bodily injury and property damage. The association must be negligent for the policy to respond.

B. Limits

\$2,000,000 General Aggregate

\$2,000,000 Products & Completed Operations

\$1,000,000 Personal / Advertising Injury

\$1,000,000 Per Occurrence

\$100,000 Fire Legal

\$5,000 Medical Payments

C. Non-owned and Hired auto liability: \$1,000,000 limit per occurrence

D. Deductibles from \$0 to \$2,500

E. Property management company named as an additional insured

III. Directors and Officers Liability (D&O)

A. Provides coverage for wrongful acts of the named insured

B. Limit of coverage should be \$1,000,000+

C. Deductibles from \$1,000 to \$2,500

D. Defense cost should be purchased outside the limits

E. Prior acts covered

F. Property management company named as an additional insured

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IV. Fidelity Bond

A. Coverage is mandatory per Florida Statute 718 (see below)

The association shall maintain insurance or fidelity bonding of all persons who control or disburse funds of the association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the association or its management agent at any one time. As used in this paragraph, the term “persons who control or disburse funds of the association” includes, but is not limited to, those individuals authorized to sign checks on behalf of the association, and the president, secretary, and treasurer of the association. The association shall bear the cost of any such bonding.

B. Deductibles from \$250 to \$5,000+ depending on the limit being carried

C. Property management company named as an additional insured

V. Umbrella Liability

A. Coverage is excess of most underlying liability policies the association purchases (General Liability, Directors & Officers and Workers Comp)

B. Limits from \$1,000,000 to \$50,000,000

C. Property management company named as an additional insured

VI. Flood

A. Flood insurance covers direct physical loss caused by flood. A flood is a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or two or more properties (at least one of which is your property) from:

- Overflow of inland or tidal waters
- Unusual and rapid accumulation of runoff of surface waters from any source
- Mudflow
- Collapse or subsidence of land along the shore of a lake or similar body of water

B. Coverage is required if the association buildings are in Federal Zone A or V. Flood can be purchased in any other zone if desired

C. Deductibles from \$1,500 to \$25,000

D. Flood insurance covers more building items than property insurance, such as refrigerators, built in appliances such as dishwashers, permanently installed carpeting over an unfinished floor, light fixtures, kitchen cabinets. For this reason, the building values on an appraisal should always be higher for flood values than property (hazard) values.

E. Residential Condominium Building Association Policy – RCBAP
Condos purchase coverage on an RCBAP flood form. On this form, they are allowed to purchase up to the Replacement Cost of the building not to exceed \$250,000 per unit.

F. Dwelling Form
Used for townhomes up to \$250,000 per unit

G. Associations can purchase excess flood

VII. Workers Compensation

A. Coverage's:

1. Medical
2. Disability
3. Death benefit
4. Employer Liability

B. Coverage can be purchased by an association with or without payroll

C. Coverage for volunteers should be included

VIII. Boiler and Machinery / Equipment Breakdown

A. Covers equipment such as electrical distribution systems, hot water boiler, fire and security systems and elevators.

1. Equipment Breakdown protects the equipment from damage caused by the following perils:

- Short circuit/electrical arcing
- Mechanical breakdown
- Power surges
- Motor burnout

Options Coverages:

- Mold and Sewer Back-up
- Environmental Impairment
- Ordinance and Law

Types of insurance carriers and how they are financially rated:

A. Admitted – these companies are regulated by the Office of Insurance Regulation and have protection from the Florida Insurance Guarantee Association in the event they become insolvent.

B. Non-admitted – these companies are approved by the Office of Insurance Regulation but are not protected by the Florida Insurance Guarantee Association in the event they become insolvent. These carriers will normally be referred to as excess and surplus (E&S) carriers.

C. Insurance rating companies

- AM Best
- Demotech

Appraisal

Condos (filed 718) are required per Florida Statute to have an insurance replacement cost appraisal or an update of a prior appraisal every 36 months.

Mitigation Reports

Almost all property insurance carriers offer credit for associations that have mitigation reports. The mitigation reports can also benefit the individual unit owner with their personal insurance.

Claims

It's always important to know if an association has any claims within the last 3 years

Homeowners Insurance – HO6 Coverage

Some homeowners living in condominium associations may not understand the importance of having their own homeowner's insurance policy referred to as an HO6 policy. They don't realize the association's master insurance policy only covers up to their interior bare walls and floors. Statute 718.111 outlines the insurance responsibilities of the association and the homeowner. When a unit owner purchases an HO6 policy it provides important coverage's such as personal property, building coverage, additional living expense, loss assessment coverage and personal liability.

Following are a couple benefits of having an HO6 policy. If you are personally negligent for damages to common areas of the association or other unit owner's property your policies liability coverage will respond. If there is a fire or a pipe that bursts in your building causing damage to your property and there is not a negligent party your policy will respond minus your deductible.

The most important thing to remember is there must be a negligent party in order for their insurance company to pay for your damages otherwise every unit owner is responsible for their own damages. Another thing to consider if there is a negligent party, it will take time for their insurance carrier, assuming they have coverage, to investigate before they make you whole. In the meantime, you can turn a claim into your own carrier and then they will subrogate against the negligent party.

Depending on the year built, roof features, policy limits and construction of your building, HO6 policies are reasonably priced and most companies offer payment plans. There can also be discounts available to unit owners by providing the association's mitigation form to their HO6 carrier. Regardless of whether you live in a brand-new building or one that is older pipes can bust, fires can start and people visiting you can get hurt. There are multiple reasons it is a good financial decision to purchase an insurance policy on your unit whether you live in it or rent it out. Palm Insurance Management understands the unique insurance needs of the unit owners and the association and would be happy to answer any questions or concerns for any unit owners, please feel free to call us anytime at 866-612-1596.

Florida Statute 718.111

(11) INSURANCE.—In order to protect the safety, health, and welfare of the people of the State of Florida and to ensure consistency in the provision of insurance coverage to condominiums and their unit owners, this subsection applies to every residential condominium in the state, regardless of the date of its declaration of condominium. It is the intent of the Legislature to encourage lower or stable insurance premiums for associations described in this subsection.

(a) Adequate property insurance, regardless of any requirement in the declaration of condominium for coverage by the association for full insurable value, replacement cost, or similar coverage, must be based on the replacement cost of the property to be insured as determined by an independent insurance appraisal or update of a prior appraisal. The replacement cost must be determined at least once every 36 months.

1. An association or group of associations may provide adequate property insurance through a self-insurance fund that complies with the requirements of ss. [624.460-624.488](#).

2. The association may also provide adequate property insurance coverage for a group of at least three communities created and operating under this chapter, chapter 719, chapter 720, or chapter 721 by obtaining and maintaining for such communities insurance coverage sufficient to cover an amount equal to the probable maximum loss for the communities for a 250-year windstorm event. Such probable maximum loss must be determined through the use of a competent model that has been accepted by the Florida Commission on Hurricane Loss Projection Methodology. A policy or program providing such coverage may not be issued or renewed after July 1, 2008, unless it has been reviewed and approved by the Office of Insurance Regulation. The review and approval must include approval of the policy and related forms pursuant to ss. [627.410](#) and [627.411](#), approval of the rates pursuant to s. [627.062](#), a determination that the loss model approved by the commission was accurately and appropriately applied to the insured structures to determine the 250-year probable maximum loss, and a determination that complete and accurate disclosure of all material provisions is provided to condominium unit owners before execution of the agreement by a condominium association.

3. When determining the adequate amount of property insurance coverage, the association may consider deductibles as determined by this subsection.

(b) If an association is a developer-controlled association, the association shall exercise its best efforts to obtain and maintain insurance as described in paragraph (a). Failure to obtain and maintain adequate property insurance during any period of developer control constitutes a breach of fiduciary responsibility by the developer-appointed members of the board of directors of the association, unless the members can show that despite such failure, they have made their best efforts to maintain the required coverage.

(c) Policies may include deductibles as determined by the board.

1. The deductibles must be consistent with industry standards and prevailing practice for communities of similar size and age, and having similar construction and facilities in the locale where the condominium property is situated.

2. The deductibles may be based upon available funds, including reserve accounts, or predetermined assessment authority at the time the insurance is obtained.

3. The board shall establish the amount of deductibles based upon the level of available funds and predetermined assessment authority at a meeting of the board in the manner set forth in s. [718.112\(2\)\(e\)](#).

(d) An association controlled by unit owners operating as a residential condominium shall use its best efforts to obtain and maintain adequate property insurance to protect the association, the association property, the common elements, and the condominium property that must be insured by the association pursuant to this subsection.

(e) The declaration of condominium as originally recorded, or as amended pursuant to procedures provided therein, may provide that condominium property consisting of freestanding buildings comprised of no more than one building in or on such unit need not be insured by the association if the declaration requires the unit owner to obtain adequate insurance for the condominium property. An association may

also obtain and maintain liability insurance for directors and officers, insurance for the benefit of association employees, and flood insurance for common elements, association property, and units.

(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.

(g) A condominium unit owner policy must conform to the requirements of s. [627.714](#).

1. All reconstruction work after a property loss must be undertaken by the association except as otherwise authorized in this section. A unit owner may undertake reconstruction work on portions of the unit with the prior written consent of the board of administration. However, such work may be conditioned upon the approval of the repair methods, the qualifications of the proposed contractor, or the contract that is used for that purpose. A unit owner must obtain all required governmental permits and approvals before commencing reconstruction.
2. Unit owners are responsible for the cost of reconstruction of any portions of the condominium property for which the unit owner is required to carry property insurance, or for which the unit owner is responsible under paragraph (j), and the cost of any such reconstruction work undertaken by the association is chargeable to the unit owner and enforceable as an assessment and may be collected in the manner provided for the collection of assessments pursuant to s. [718.116](#).
3. A multicondominium association may elect, by a majority vote of the collective members of the condominiums operated by the association, to operate the condominiums as a single condominium for purposes of insurance matters, including, but not limited to, the purchase of the property insurance required by this section and the apportionment of deductibles and damages in excess of coverage. The election to aggregate the treatment of insurance premiums, deductibles, and excess damages constitutes an amendment to the declaration of all condominiums operated by the association, and the costs of insurance must be stated in the association budget. The amendments must be recorded as required by s. [718.110](#).

(h) The association shall maintain insurance or fidelity bonding of all persons who control or disburse funds of the association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the association or its management agent at any one time. As used in this paragraph, the term "persons who control or disburse funds of the association" includes, but is not limited to, those individuals authorized to sign checks on behalf of the association, and the president, secretary, and treasurer of the association. The association shall bear the cost of any such bonding.

(i) The association may amend the declaration of condominium without regard to any requirement for approval by mortgagees of amendments affecting insurance requirements for the purpose of conforming the declaration of condominium to the coverage requirements of this subsection.

(j) Any portion of the condominium property that must be insured by the association against property loss pursuant to paragraph (f) which is damaged by an insurable event shall be reconstructed, repaired, or replaced as necessary by the association as a common expense. In the absence of an insurable event, the association or the unit owners shall be responsible for the reconstruction, repair, or replacement as determined by the maintenance provisions of the declaration or bylaws. All property insurance deductibles and other damages in excess of property insurance coverage under the property insurance

policies maintained by the association are a common expense of the condominium, except that:

1. A unit owner is responsible for the costs of repair or replacement of any portion of the condominium property not paid by insurance proceeds if such damage is caused by intentional conduct, negligence, or failure to comply with the terms of the declaration or the rules of the association by a unit owner, the members of his or her family, unit occupants, tenants, guests, or invitees, without compromise of the subrogation rights of the insurer.
 2. The provisions of subparagraph 1. regarding the financial responsibility of a unit owner for the costs of repairing or replacing other portions of the condominium property also apply to the costs of repair or replacement of personal property of other unit owners or the association, as well as other property, whether real or personal, which the unit owners are required to insure.
 3. To the extent the cost of repair or reconstruction for which the unit owner is responsible under this paragraph is reimbursed to the association by insurance proceeds, and the association has collected the cost of such repair or reconstruction from the unit owner, the association shall reimburse the unit owner without the waiver of any rights of subrogation.
 4. The association is not obligated to pay for reconstruction or repairs of property losses as a common expense if the property losses were known or should have been known to a unit owner and were not reported to the association until after the insurance claim of the association for that property was settled or resolved with finality, or denied because it was untimely filed.
- (k) An association may, upon the approval of a majority of the total voting interests in the association, opt out of the provisions of paragraph (j) for the allocation of repair or reconstruction expenses and allocate repair or reconstruction expenses in the manner provided in the declaration as originally recorded or as amended. Such vote may be approved by the voting interests of the association without regard to any mortgagee consent requirements.
- (l) In a multicondominium association that has not consolidated its financial operations under subsection (6), any condominium operated by the association may opt out of the provisions of paragraph (j) with the approval of a majority of the total voting interests in that condominium. Such vote may be approved by the voting interests without regard to any mortgagee consent requirements.
- (m) Any association or condominium voting to opt out of the guidelines for repair or reconstruction expenses as described in paragraph (j) must record a notice setting forth the date of the opt-out vote and the page of the official records book on which the declaration is recorded. The decision to opt out is effective upon the date of recording of the notice in the public records by the association. An association that has voted to opt out of paragraph (j) may reverse that decision by the same vote required in paragraphs (k) and (l), and notice thereof shall be recorded in the official records.
- (n) The association is not obligated to pay for any reconstruction or repair expenses due to property loss to any improvements installed by a current or former owner of the unit or by the developer if the improvement benefits only the unit for which it was installed and is not part of the standard improvements installed by the developer on all units as part of original construction, whether or not such improvement is located within the unit. This paragraph does not relieve any party of its obligations regarding recovery due under any insurance implemented specifically for such improvements.
- (o) The provisions of this subsection shall not apply to timeshare condominium associations. Insurance for timeshare condominium associations shall be maintained pursuant to s. [721.165](#).

Hazard Insurance – Quick Reference Table

As governed by Florida Statute 718

Building Component	Association Responsibility	Unit Owner Responsibility
1. Roof and Roof Covering Structural Framing and Roof Cover	Yes	No
2. Exterior Wall Paint, Stucco, Insulation, Studs, Concrete Block, Brick, etc.	Yes	No
3. Unit Interior Walls Party Walls, Unfinished Drywall, Insulation, Metal, and Wood Studs	Yes	No
4a. Common Area Interior Wall Studs, Block, and Drywall	Yes	No
4b. Common Area Floor, Wall, and Ceiling Finishes	Yes	No
5. Unit Interior Floor, Wall, and Ceiling Finishes, Paint, Carpet, Tile, etc.	No	Yes
6. Unit and Common Area - Structural Floors - Structural Ceilings - Structural Walls	Yes	No
7. Common Area Air Conditioners	Yes	No
8. Common Area Electrical	Yes	No
9. Interior Unit Components - Appliances - Electrical Fixtures - Water Heaters - Cabinets	No	Yes
10. Interior Unit Air Conditioners	Yes	No

*The above table is intended only to give an overview of the general responsibilities for both parties. In all cases, the policy and statute will supersede.

Flood Insurance – Quick Reference Table

As governed by the National Flood Insurance Program - FEMA

Building Component	Association Responsibility	Unit Owner Responsibility
1. Roof and Roof Covering Structural Framing and Roof Cover	Yes	No
2. Exterior Wall Paint, Stucco, Insulation, Studs, Concrete Block, Brick, etc.	Yes	No
3. Unit Interior Walls Party Walls, Unfinished Drywall, Insulation, Metal, and Wood Studs	Yes	No
4a. Common Area Interior Wall Studs, Block, and Drywall	Yes	No
4b. Common Area Floor, Wall, and Ceiling Finishes	Yes	No
5. Unit Interior Floor, Wall, and Ceiling Finishes, Paint, Carpet, Tile, etc.	Yes	No
6. Unit and Common Area - Structural Floors - Structural Ceilings - Structural Walls	Yes	No
7. Common Area Air Conditioners	Yes	No
8. Common Area Electrical	Yes	No
9. Interior Unit Components - Appliances - Electrical Fixtures - Water Heaters - Cabinets	Yes	No
10. Interior Unit Air Conditioners	Yes	No

*The above table is intended only to give an overview of the general responsibilities for both parties. In all cases, the policy and statute will supersede.

Certificate Request Form

For proof of insurance, please fill out the information below and either fax your request to 727-565-0081 attention - Certificate Department - or email your request to Certificate@pimfl.com

Unit owner's complete name: _____

Unit owner's address and unit number: _____

Banks name: _____

Banks address or PO Box: _____

Loan number: _____

Banks email address or fax number: _____

If you would like a copy, please provide your contact information: _____
