

Insurance News & Information for Edgewater Condominium of Broward County, Inc.

"To Keep the association informed, we can educate the community"

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Part I: Unit Owner Condominium Insurance - The Basics

As a condominium unit owner, there are two things to remember when it comes to insurance:

- 1.) The condominium association has a master insurance policy that covers the outside of the building's structure including the roof and common areas such as pools and sidewalks.
- 2.) The Master Policy does not insure the inside of your unit or any your personal belongings

A Unit Owner **needs** to obtain a condo owners insurance policy to cover:

- Additions, alterations, wall fixtures, floor and ceiling of your unit
- Your personal belongings
- Personal Liability
- Loss of Unit
- Loss Assessment Coverage

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Below are the basic components to a Condominium Policy:

Coverage A - Dwelling Coverage : Some insurance carriers offer **Dwelling Coverage**, which generally insures the interior walls, such as wallpaper, paneling, flooring, carpeting, built-in cabinets, upgraded items i.e. sinks, toilets, tubs, closet doors, and finishings. (Refer to Page 6 for a complete listing of items you need to cover)

This type of coverage is usually limited to a specific dollar amount and covers damage resulting from risks such as:

- Fire and lightning
- Windstorm, hail, tornadoes and hurricanes-in most states
- Explosions
- Theft, vandalism and malicious mischief
- Riot and civil unrest
- Damage from vehicles
- Sudden, accidental damage from smoke
- Objects falling from the sky
- Weight of snow, ice and sleet
- Accidental discharge or overflow of water from your plumbing
- Freezing of plumbing
- Sudden, accidental tearing, cracking, burning or bulging of a steam pipe or hot water heating system

Coverage A does not cover damage caused by:

- Earthquakes and Floods. (Flood policy can be obtained)
- Theft by someone who is named on your Condo policy as an insured party.

Uninsurable Risks There are some events almost no insurance company can cover. These include damage resulting from:

- War
- Nuclear accident
- Termite, pest or rodent damage
- Pet damage
- Willful damage caused by you or another covered person in your household

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Coverage C - Personal Property Coverage

Personal Property Coverage typically protects your personal belongings against the same list of risks and perils mentioned in [Coverage A - Dwelling Coverage](#).

How Much Coverage Is Enough?

As a rule of thumb, for the first 1,000 square feet of your condo, assume \$40,000 in personal property. For each additional 500 square feet, add approximately \$5,000 in coverage.

Example: If your unit were 1,500 square feet you would want to consider purchasing \$45,000 in personal property coverage. Unless otherwise specified, Coverage C - Personal Property Coverage is for [actual cash value](#) at the time of loss, which is the replacement cost of the item, minus [depreciation](#). Buying an endorsement can increase this coverage.

Do you need more than actual cash value coverage for your personal belongings?

We recommend [replacement coverage](#) for your personal property, rather than actual cash value. If you purchased most of your belongings a few years ago, their current [depreciated](#) value may be a lot less than what it would take to replace them. Here's an example:

If your television is stolen or damaged in a fire, actual cash value coverage pays out the amount of money your 10-year-old TV would be worth today, which may only be a few dollars. Replacement cost coverage would pay for a new TV of the same size and functions.

If you have personal property such as firearms, jewelry, furs, antiques, collectibles, fine artwork, musical instruments or office equipment, you may need additional coverage. A standard condo policy usually has specific dollar limits for items like these. You can add or increase coverage amounts with an [endorsement](#) or additional policy

Coverage E - Personal Liability Coverage: Lawsuits can be burdensome. **Personal Liability Coverage** provides insurance coverage for legal expenses and medical costs when you are legally responsible for bodily injury or property damage to others.

Limits

Most Condo owner policies include \$100,000 of personal liability coverage. Insurance professionals generally recommend a personal liability minimum of \$300,000 for each [occurrence](#). A lower amount may put assets at risk.

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Loss of Use Coverage: While you repair an uninhabitable condo damaged during a covered loss, where would you live? **Loss of Use Coverage** insures you for temporary housing expenses and things like furniture, car and boat storage and pet kennel expenses.

Limits: A condo owners policy usually covers either:

- Any necessary increase in living expenses you incur to maintain your normal standard of living while your condo is uninhabited (or)
- Fair rental value for the part of the condo minus any expenses that you do not have while the unit is uninhabitable. This choice is generally not available if the condo is not your primary residence.

The amount is limited to the shortest time required to make repairs or permanently relocate.

Loss Assessment Coverage: A specially designed property coverage for condominium unit owners. This coverage provides protection for assessments made by the condominium association resulting from loss to the property. The policy is written to pay the assessment if the loss is caused by an insured peril.

Additional Coverages:

- **Mold**
- **Food Spoilage**
- **Sewer Backup**

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Part II: Florida Statute 718.111 -Condominium Law Effective Jan. 1st 2004

On **January 1st, 2004** Florida Legislature revised Florida Statute 718.111 – subsection 11 a and b. The statute, effective 01/01/2004, redefines the Master Insurance Policy regarding the established *Insuring responsibilities of the Condominium Association and each unit owner. (This statute does not serve to broaden or extend the perils of coverage provided to the individual unit owner but specifies those items that must be covered by the *Association policy*).

*Insuring Responsibilities is defined as Physical Loss to buildings caused by the following Perils:

Causes of Loss -

Fire, lightning	Explosion
Windstorm / Hail	Smoke that causes sudden & accidental loss or damage
Aircraft	Vehicles
Riot or Civil Commotion	Vandalism
Sprinkler Leakage	Sinkhole Collapse
Falling Object	Volcanic Action
Collapse	Water Damage
Glass Breakage	Weight of Snow, Ice & Sleet
All Other Causes not excluded	

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Below, is an illustration of this recent amendment to Florida Statute to provide a declaration of those items that are covered by the Master Association Insurance policy vs. those items that the Unit Owner should be covering under their Condominium Homeowners policy.

Association Master Insurance Policy

The following items statutorily are covered:

- Load-Bearing Walls
- Electrical Wiring
- Windows
- Hot / Cold Water Pipes
- Sliding Glass Doors

- Air Conditioning or heating equipment
- Air conditioning compressors that serve individual units*regardless to where located

- Balcony /Patios

- Exterior Doors
- *Bathtub

- *Toilet
- *Bathroom Sink
- * Kitchen Sink
- Partition Walls
- Interior Doors *(Including closet doors)
 - **Eff 1-1-09 HVAC system to be included**

**Coverage is not extended to any unit owner upgrades i.e. bathtub, toilet, sinks (bathroom / kitchen) and closet doors. (Unit Owner should include these items on their own Homeowners /Condominium Policy)*

Unit Owner Responsibility

Items to Insure under a Condominium Policy

- Floor, wall, and ceiling coverings (except in common areas)
- Electrical Fixtures
- Appliances
- Water filters
- Water heaters
- Window treatments i.e. curtains, drapes, blinds, and hardware

- Built in cabinets and counter tops
- Unit Owner upgrades to Bathtubs, Toilets, Sinks, and closet doors

Statutorily the Association is not responsible to insure these items and each unit owner must obtain their own policy.

It is very important that each unit owner obtain their own Homeowners (HO-6) Insurance policy to protect their interest in their Condominium Unit.

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Part III: Preparing for a Hurricane:

Unit owners should review their insurance coverage, before the storm. Contact your agent for more information.

- Make sure your insurance coverage matches the value of your home.
- Consider purchasing additional coverage.
- Review your annual hurricane deductible, which is typically 2-5% of the insured value of your home.
- Check to see if you have actual cash value or replacement coverage for your belongings. Actual cash value coverage pays only the depreciated value of your property.
- Verify that your policy information is correct.
- Keep your policy documents safe. Place copies of your policy in your safe deposit box or leave them with an out-of-town relative.

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