



7 Indian River Ave, Suite 1206
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Important Insurance Notice – State Law

Harbor Pointe Residents,

The State of Florida, thru the Florida Statutes 718, has changed requirements for insurance. You may recall that Statute 718 governs condominium community associations. This document “trumps” our condominium declaration—meaning that it is the highest of importance followed by our declaration, articles of incorporation, by-laws, rules and regulations passed by the board and finally policy statements passed by the board.

One of the **changes mandated by the state is the requirement** by each Unit Owner to **carry hazard and liability insurance**. In fact, the law puts burden on the board to be sure that each owner carries these policies:

The new law provides that the association “shall require” each unit owner to provide evidence of a currently effective policy of hazard and liability insurance “upon request”, but not more than once per year. Becker-Poliakoff attorney’s state: “This language creates some ambiguity since it implies that associations are now mandated to require unit owners to show proof of insurance, but only “upon request”. Does the association have a duty to “request” the information? I think that this is the most logical interpretation.”

http://www.becker-poliakoff.com/pubs/articles/adams/adams_2008_08_10.pdf

Additionally, **the new law requires Unit Owners to carry “special assessment coverage”** beginning January 1, 2009. This insurance is used for catastrophic damage that requires the Board to pay a deductible against the insurance premium. For example, each building is valued at \$17,000,000. The deductible is 3%. If we had a fire in a building that totally destroyed the building, our deductible would be \$510,000. This exceeds any reserves that we have so we’d have to Special Assess each unit owner \$2,458 to cover this deductible. Instead, this insurance rider, for a small fee (generally \$1-2 / month), can easily be added to existing policies and **this would cover your “special assessment—not you directly.** Also quoted from Becker-Poliakoff:

“All unit owner policies issued on or after January 1, 2009, must include “special assessment” coverage, which I believe is more commonly referred to as “loss assessment coverage” in a minimum amount of \$2,000 per occurrence.

Please be sure to add (or acquire) these insurances per the state law.

Terry Back,
For The Board of Directors