



RISK & INSURANCE REVIEW  
 Community Risk & Insurance Solutions  
 Officers & Directors – Association Managers  
[www.communityriskinsurancesolutions.com](http://www.communityriskinsurancesolutions.com)

Sunshine State Edition

Fall/Winter2010



CONA Member

*Council of Neighborhood Associations*

**COMMUNITY ASSOCIATION EVENTS  
 CALENDAR**

CONA Member's Meeting: November 17  
 9:30 AM New Port Richey City Hall  
 CONA CHRISTMAS BREAKFAST: December 7  
[www.conapasco.org](http://www.conapasco.org)

CAI Meeting Holiday Social December 2  
[www.caisuncoast.org](http://www.caisuncoast.org)

**BREAKING NEWS!**

Citizens has received approval to implement amended rates for new and renewal condo association policies with an effective date on or after January 1, 2011. Although the rate increase is subject to a 10% cap, surcharges and assessments, are not subject to the cap. The average 10% rate increase does not apply to A-Rated (High Wind Hazard Buildings \$10 Million+ in Value.

*To-Date most condo association policies are renewing with full "Sinkhole" coverage, but the Department of Insurance is requiring Citizens to file for a change in the way it provides sinkhole coverage for new and existing policyholders in the next three months as a result of major increases in "sinkhole" claims promoted by public adjusters.*

**Something  
 To Talk  
 About-**

Citizens Property Insurance Corporation recently cited "sinkhole claims" as justification for a premium increase. It came up amid talk of an assigned risk sinkhole facility. That is a move that could greatly impact the Bay area, where cracks from *alleged* sinkhole activity abound as a result of aggressive marketing by public firms that take up to 20% of sinkhole payouts. The truth is that *actual* ground collapse is rare. In fact, Citizens "has never sustained a catastrophic ground collapse claim!" The truth is that most cracks are created by settling, construction flaws, or tree roots. Rotting construction debris under buildings also contributes to a large percentage of claims. How long can Citizens continue to pay out nearly \$5 for every dollar in premium taken in? *Go figure....*

**CONDO INSURANCE  
 PREMIUM OUTLOOK**

General Liability, Directors & Officers rates remain Flat. Condominium and Other Community Association Property Rates remain stable.

Citizens 10.3% Multi-Peril Rate Increase Statewide on new & renewal policies January 2011 with the exception of Broward & Palm Beach. Other property insurance companies expected to *follow*.

When is the lower cost appraisal *false economy*? Unfortunately, quite often! Professionalism and knowledge of local building costs is the key to reducing insurance costs and avoiding a claim shortfall. A cheap appraisal can be *anything but....*

**THREE GENERATIONS.....NO FOUR!**

Barrett-Harding proudly welcomes Jeromy Harding making him the fourth generation (*the third in Florida*) in an insurance family with nearly a century of providing community insurance and risk services. Jeromy brings a unique blend of agency, business, and construction expertise to the Barrett-Harding team of condo and other community services specialists.

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# Risk & Insurance Review

## Condo Association Officers & Directors – Managers

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COMMUNITY RISK & INSURANCE SOLUTIONS from Barrett-Harding at [www.communityriskinsurancesolutions.com](http://www.communityriskinsurancesolutions.com) Savings to Condo & other Community Associations - Insurance Products and Risk Management Services Including Budget Assistance, Insurance Bid & Spec Preparation; Safety, Wind Mitigation Credits; & Claims Assistance, Workers Compensation Audits, & Premium Finance. Phone 727-697-3200; Toll Free: 866-697-3200 Editor-Susan Barrett,AAI

**BEEP!**  
**BEEP!**  
**BEEP!**

The official theme for NFPA's Fire Prevention Week is "Smoke Alarms: A sound you can live with." The calendar-year end of daylight savings and the time when we *turn our clocks back*, can serve as a reminder to check the batteries in our smoke detectors for *the beep that saves lives*. While you at it, we have an idea for another tradition. Why not include inspection and cleaning of your clothes dryer vent in your home holiday preparations? (Refer to the NFPA website at [www.nfpa.org](http://www.nfpa.org) for more useful fire prevention tips.)

### Unit Owner Insurance

Furnishings, Clothing, Personal Articles  
Unit-Owner Added Partitions  
Pipes Inside Unit  
Wall Finishes & Surface Paint  
Bathtub, Toilet, Sinks  
Refrigerator, Stove, Dishwasher, Compactor  
Other Appliances  
Interior Doors, Counters, Cabinets  
Improvements Added by the Unit Owner

### Association Insurance

Load-Bearing Walls, Sheet Rock  
Unfinished Drywall  
Water Pipes between & outside Walls  
Electrical Wiring & Roofs  
Windows & Exterior Doors  
Central Heat & Air Units  
HVAC Pipes & Systems  
Common Elements  
Additions to Association Property

**YES!** Under Florida law, unit-owners insurance requirements include liability and loss assessment coverage (minimum \$2,000). Loss assessment coverage provides coverage for association assessments that can be made against unit-owners collectively for an insurance shortfall, expenses to rebuild and insurance deductibles resulting from direct loss from perils such as fire, lightning, wind (including hurricanes) and other insurable causes. (Recent changes in F.S. 718 did not remove this requirement. It simply clarified that the Association may choose to enforce the requirement. However, they are not, now, required to enforce unit-owner's insurance, unless the association documents require otherwise.)

Why would an Association choose to require proof of unit-owners insurance? Aside from possible By-Law requirements, there are enormous liability and costly claims reasons for the association to protect owners by requiring proof of insurance from each unit-owner. You know what happens when an uninsured second-floor unit-owner's bath tub overflows and damages unit-owner's property below or to the side? If the unit-owners below or to the side have a policy, they can look to their own insurer for the clean-up and repairs. Their carrier will, in turn, subrogate against the negligent unit-owner who left the faucet on, but what if the unit-owner below does not have a policy? Too often, the Board is drawn in and ends up attempting to arbitrate the situation between the two parties while emotions and existing damage are further aggravated.

Were you aware that most property insurance policies exclude the additional reconstruction costs incurred as a result of building codes and ordinance. Although policy limits may be sufficient to fully cover the replacement of the building, this exclusion can prevent full recovery!

It's not as simple as adding Building Law & Ordinance coverage to your insurance program. If your Agent doesn't volunteer a Law & Ordinance explanation, ask for it! This is critical because there are three parts, each of which is *optional*. (A) Provides coverage for the loss of value to the undamaged portion of a covered building. (B) Provides coverage to demolish undamaged portions of a covered building. (C) **Provides coverage for increased cost of construction required by ordinance or law.**

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