

Insuring Responsibilities  
Florida Condominium Association vs. Unit Owner

To assist both the association and unit owners in understanding the respective insuring responsibilities for potential **Hazard/Wind** and **Flood** claims, we have provided a reference checklist for assistance and understanding.

To further simplify the issue of insuring responsibility, please consider following claims examples:

**\*Hurricane Claim:**

Unit owners observe damage to their sliding glass doors and windows resulting from the hurricane:

-Condominium bylaws/documents require the owner to be responsible for the maintenance repair and/or replacement of windows and sliding glass doors. However, when a hurricane occurs, the resultant damage to the windows and sliding glass doors is covered under the association policy. This is the requirement of Florida Statute 718.111 (11), F.S. and The National Flood Insurance Program (NFIP) Residential Condominium Building Association Policy

**\*Water Damage Claim:**

A pipe bursts in a wall of a third floor unit causing extensive damage to that unit. Water seeps down into the units directly below, causing extensive damage:

-The association policy is responsible for responding to repair the plumbing leak, any damage to the drywall and any damage caused by water intrusion into the building cavities. This damage would include damage to the electrical wiring, ducts, insulation, or any other systems within the wall cavity. The individual unit owners' insurance companies should respond to damage to the finishes on the interior drywall, cabinets, floor coverings (carpet/tile), and the owner's personal property in the affected units.

It is important for the property manager, the board of directors and the individual unit owners to have an understanding of these responsibilities of all parties under the Florida Condominium Act to ensure the best interests of the association and the unit owners are protected. Appropriate and timely insurance claims need to be filed and correct procedures followed so that the outcome of any claim will result in a proper recovery for the insured parties.

Due to the complexities under the state and federal statutes regarding the separation of responsibilities for insurance, as well as the intricacies of the policies for both the association and the unit owner, professional assistance immediately following a catastrophe can be of immeasurable value. A major benefit we deliver to you as part of **CondoShield** is **CERT (Condo/Contractor Emergency Response Team)**. **CERT** was designed and created to help your association and its unit owners when a large catastrophe or even the smallest claim should arise. With **CERT** we will bring tools and resources to your association and unit owners along with proactive service to help you with *Organization, Facilitation, Communication, and successful Completion* of your insurance claim.

For Questions and Claims Assistance Please Contact us at 1-866-878-7786 / [www.BrownInsuranceServices.net](http://www.BrownInsuranceServices.net)

## ESTIMATIONS OF HAZARD VALUES

The estimated hazard values set forth in this report are based on Florida Statutes concerning condominiums unless otherwise instructed by the client or the agents of the client. The Florida Statutes concerning condominium insurance have been amended four times since original statute. The amendments occurred on October 1, 1986, July 1, 1992, January 1, 2004 and January 1, 2009. The latest amendment is directed at the air conditioning components within the condominium building. Previously, the statute stated that the air handler and condenser unit was the responsibility of the condominium unit owner to insure providing the climate control equipment was only servicing a single unit. As of January 1, 2009, the statute now places the responsibility for insuring the climate control equipment (HVAC) onto the association to provide replacement coverage on their policy in case of a loss. Therefore, the association is responsible to insure 100% of the HVAC replacement cost of the condominium building, including those portions of the HVAC contained within the individual units.

Additionally, under Florida Statute 718 the interior finishes of each condominium unit are still the responsibility of the unit owner to insure. Thus, the hazard insurable values in this appraisal include only the attached interior finishes for the common areas of the association. Therefore, based on all of the Florida Statute 718 amendments, the following is a list of the components that the individual condominium unit owners are responsible for insuring and will not be included in the estimated hazard insurable values of the appraisal.

- **Any floor finishes, such as carpet, tile, vinyl or wood within the individual unit.**
- **Any ceiling finishes such as paint or sprayed finishes within the individual unit.**
- **Any wall finishes such as paint, wallpaper or ceramic tile within the individual unit.**
- **Any electrical fixtures, appliances, water heaters or built-in cabinets within the individual unit.**

Additionally, this appraisal does not include any individual or common building contents (i.e. personal property).

The following table is a guide to help identify Hazard Insurance coverage responsibilities for unit owners and condominium associations based on compliance with Florida Statute 718.

Residential Building Elements – Hazard Insurance	Unit Owner Insurance Responsibility	Condo Association Insuree Responsibility
<b>A. VERTICAL WALLS</b>		
<i>1. Exterior Building Walls</i>		
A. Mesh, Lath, Sheathing, Glass, Block, Stucco (Painted)		X
B. Studs, Insulation		X
C. Unfinished Sheet Rock/Drywall		X
D. Interior Wall Area of Exterior Wall (Paint, Tile or Wallpaper or Other Wall Coverings)	X	
<i>2. Unit Interior Walls Including Party Walls</i>		
A. Block, Studs, Insulation		X
B. Unfinished Sheet Rock/Drywall		X
C. Interior Wall Area (Paint, Tile or Wallpaper or Other Wall Coverings)	X	
<i>3. Common Area Interior Walls</i>		
A. Block, Studs, Insulation		X
B. Unfinished Sheet Rock/Drywall		X
C. Interior Wall Area (Paint, Tile or Wallpaper or Other Wall Coverings)		X
<b>B. HORIZONTAL FLOORS INCL. CEILINGS</b>		
<i>1. Unit Interior Floors</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation		X
B. Floor Coverings	X	
<i>2. Common Area Floors</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation		X
B. Floor Coverings		X
<i>3. Unit Interior Ceilings And Roof Area</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation Sheet Rock or Drywall		X
B. Paint And Texture Finishes (Popcorn, etc.)	X	
<i>4. Common Area Ceilings And Roof Area</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation, Sheet Rock or Drywall		X
B. Paint And Texture Finishes (Popcorn, etc.)		X
<b>C. ROOFING –UNIT INTERIOR &amp; COMMON AREAS</b>		
A. All Framing, Structural Supports, Decking, Insulation and Roof Cover		X
<b>D. HVAC</b>		
A. All HVAC Components, including Air Handlers, Compressors Servicing a Single Condominium Unit		X
<b>E. MISCELLANEOUS UNIT INTERIOR FIXTURES</b>		
A. Electrical Fixtures, Appliances, Water Heaters And Cabinetry	X	

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## ESTIMATIONS OF FLOOD VALUES

The estimated flood values set forth in this report if included are based on the National Flood Insurance Program (NFIP) guidelines prescribed by the Federal Emergency Management Agency. There are two values utilized by the NFIP for structures, which are Replacement Cost Value (RCV) and Actual Cash Value (ACV). The **RCV** is only utilized for **habitable** structures, which is defined as principal residences such as condominium units or a single-family residence. The **ACV** is used for **non-habitable** structures that are not used as principal residences, such as offices, clubhouses and equipment buildings not included within the principal residential building.

The estimated Replacement Cost (**RCV**) set forth in this report is defined as the total cost for reproducing a residential structure as of the date of the appraisal without depreciation. The estimated Replacement Cost (**RCV**) includes the following building components in common areas as well as within individual condominium units

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- All floor finishes, such as carpet, tile, vinyl or wood
- All ceiling finishes such as paint or sprayed finishes
- All wall finishes such as paint, wallpaper or ceramic tile
- All electrical fixtures, appliances, air conditioners, water heaters or built-in cabinets
- All foundations, excavation, piping below ground and site work

The estimated Insurable Replacement Cost (**ACV**) set forth in this report is defined as the total cost for reproducing a non-residential structure as of the date of the appraisal with depreciation. The estimated Insurable Replacement Cost (**ACV**) includes the following building components.

- All floor finishes, such as carpet, tile, vinyl or wood
- All ceiling finishes such as paint or sprayed finishes
- All wall finishes such as paint, wallpaper or ceramic tile
- All electrical fixtures, appliances, air conditioners, water heaters or built-in cabinets
- All foundations, excavation, piping below ground and site work

Like the hazard valuation, this appraisal does not include any individual or common building contents (i.e. personal property).

The following table is a guide to help identify Flood Insurance coverage responsibilities for unit owners and condominium associations based on the National Flood Insurance Program Guidelines.

Residential Building Elements – Flood Insurance	Unit Owner Insurance Responsibility	Condo Association Insurance Responsibility
<b>A. VERTICAL WALLS</b>		
<i>1. Exterior Building Walls</i>		
A. Mesh, Lath, Sheathing, Glass, Block, Stucco (Painted)		X
B. Studs, Insulation		X
C. Unfinished Sheet Rock/Drywall		X
D. Interior Wall Area of Exterior Wall (Paint, Tile or Wallpaper or Other Wall Coverings)		X
<i>2. Unit Interior Walls Including Party Walls</i>		
A. Block, Studs, Insulation		X
B. Unfinished Sheet Rock/Drywall		X
C. Interior Wall Area (Paint, Tile or Wallpaper or Other Wall Coverings)		X
<i>3. Common Area Interior Walls</i>		
A. Block, Studs, Insulation		X
B. Unfinished Sheet Rock/Drywall		X
C. Interior Wall Area (Paint, Tile or Wallpaper or Other Wall Coverings)		X
<b>B. HORIZONTAL FLOORS INCL. CEILINGS</b>		
<i>1. Unit Interior Floors</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation		X
B. Floor Coverings		X
<i>2. Common Area Floors</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation		X
B. Floor Coverings		X
<i>3. Unit Interior Ceilings And Roof Area</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation Sheet Rock or Drywall		X
B. Paint And Texture Finishes (Popcorn, etc.)		X
<i>4. Common Area Ceilings And Roof Area</i>		
A. Concrete, Gypcrete, Framing, Plywood, Insulation, Sheet Rock or Drywall		X
B. Paint And Texture Finishes (Popcorn, etc.)		X
<b>C. ROOFING –UNIT INTERIOR &amp; COMMON AREAS</b>		
A. All Framing, Structural Supports, Decking, Insulation and Roof Cover		X
<b>D. MISCELLANEOUS UNIT INTERIOR FIXTURES</b>		
A. Electrical Fixtures, Appliances, Air Handlers, Water Heaters And Cabinetry		X

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