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Wells Fargo Insurance Services Southeast, Inc.

July 30, 2008

RE: 2008 Legislative Changes and Impact on Condominium Association Insurance

As your insurance broker and condominium specialist, one of our responsibilities is to keep you informed of legislative changes that affect you. Governor Crist recently signed House Bill 601 which made significant changes to the Florida (Condominium) Statute 718.

Please find a brief summary below of changes affecting insurance enacted by HB601:

- § Changes apply to all residential condominiums regardless of existing condo documents (declarations and bylaws).
- § Association property insurance shall be based on the replacement cost of the property as determined by an “independent insurance appraisal” done at least once every 36 months.
- § The Board of Directors may determine the deductible on the property insurance, consistent with industry standards and local prevailing practices, and may be based on available funds, including reserve accounts, or predetermined assessment authority. The Board is required to establish the amount of the deductibles based on these factors at a meeting which must be open to all unit owners, announced at least 14 days in advance and advising the source(s) the association will rely on to meet any deductible expenses.
- § Groups of three or more communities may continue to insure their property through “pooling” of insurance coverage subject to review and approval of the Office of Insurance Regulation of the State of Florida.  
*We have seen programs presented to condominium associations by insurance brokers that are not compliant with the Statute. We urge caution and due diligence when exploring this type of insurance program.*
- § All insurance deductibles, uninsured losses, and other damages in excess of any insurance maintained by the association are common expenses of the condominium. The bylaws can be amended to alter the way such losses are allocated.

Changes below are effective 1/01/09:

- § Air conditioners are no longer excluded property under the master policy.

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- § Improvements and alterations made by unit owners that benefit fewer than all residents shall be insured by the unit owner.
- § All unit owners are now required to carry Unit Owners Insurance.
- § The unit owners' policies shall include "special assessment" coverage of no less than \$2,000
- § The unit owner will name the association as an additional named insured and loss payee.

As always, we would be happy to schedule a time to meet with the Board of Directors to review these issues and the impact to your insurance and your association.

Sincerely,

WELLS FARGO INSURANCE SERVICES SOUTHEAST, INC.

*Adam*

Adam K. Lopatin  
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