



**Copy of revised statutes.**

§718.111 (11) – The association:

Insurance – In order to protect the safety, health, and welfare of the people of the State of Florida and to ensure consistency in the provision of insurance coverage to condominiums and their unit owners, this subsection applies paragraphs to every residential condominium in the state, regardless of the date of its Declaration of Condominium. It is the intent of the legislature to encourage lower or stable insurance premiums for associations described in this subsection.

- (a) Adequate hazard insurance, regardless of any requirement in the Declaration of Condominium for coverage by the Association for full insurable value, replacement cost, or similar coverage, shall be based upon the replacement cost of the property to be insured as determined by an independent insurance appraisal or update of a prior appraisal. The full insurable value shall be determined at least once every 36-months.
- 2) When determining the adequate amount of hazard insurance coverage, the association may consider deductibles as determined by this subsection.
- (b) If an association is a developer-controlled association, the association shall exercise its best efforts to obtain and maintain insurance as described in paragraph (a). Failure to obtain and maintain adequate hazard insurance during any period of developer control constitutes a breach of fiduciary responsibility by the developer-appointed members of the Board of Directors of the association, unless the members can show that despite such failure, they have made their best efforts to maintain the required coverage.
- (c) Policies may include deductibles as determined by the Board.
  - 1) The deductibles shall be consistent with industry standards and prevailing practice for communities of similar size and age, and having similar construction and facilities in the locale where the condominium property is situated.
  - 2) The deductibles may be based upon available funds, including reserve accounts, or predetermined assessment authority at the time the insurance is obtained.
  - 3) The Board shall establish the amount of deductibles based upon the level of available funds and predetermined assessment authority at a meeting of the Board. Such meeting shall be open to all unit owners in the manner set forth in §313 718.112 (2) (e). The notice of such meeting must state the proposed deductible and the available funds and the assessment authority relied upon by the Board and estimate any potential assessment amount against each unit, if any. The meeting described in this paragraph may be held in conjunction with a meeting to consider the proposed budget or an amendment thereto.
- (d) An association controlled by unit owners operating as a residential condominium shall use its best efforts to obtain and maintain adequate insurance to protect the association, the association property, the common elements, and the condominium property that is required to be insured by the association pursuant to this subsection.
- (e) The Declaration of Condominium as originally recorded, or as amended pursuant to procedures provided therein, may provide that condominium property consisting of freestanding buildings comprised of no more than one building in or on such unit need not be insured by the association if the Declaration requires the unit owner to obtain adequate insurance for the condominium property. An association may also obtain and maintain liability insurance for Directors and Officers, insurance for the



- benefit of association employees, and flood insurance for common elements, association property and units.
- (f) Every hazard insurance policy issued or renewed on or after January 1, 2009, for the purpose of protecting the condominium shall provide primary coverage for:
- 1) All portions of the condominium property as originally installed or replacement of like kind and quality, in accordance with the original plans and specifications.
  - 2) All alterations or additions made to the condominium property or association property pursuant to §718.113 (2).
  - 3) The coverage shall exclude all personal property within the unit or limited common elements, and floor, wall, ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, and window treatments including curtains, drapes, blinds, hardware and similar window treatment components, or replacements of any of the foregoing.
- (g) Every hazard insurance policy issued or renewed on or after January 1, 2009, to an individual unit owner must contain a provision stating that the coverage afforded by such policy is excess coverage over the amount recoverable under any other policy covering the same property. Such policies must include special assessment coverage of no less that \$2,000 per occurrence. An insurance policy issued to an individual unit owner providing such coverage does not provide rights of subrogation against the condominium association operating the condominium in which such individual's unit is located.
- 1) All improvements or additions to the condominium property that benefit fewer than all unit owners shall be insured by the unit owner or owners having the use thereof, or may be insured by the association at the cost and expense of the unit owners having the use thereof.
  - 2) The association shall require each owner to provide evidence of a currently effective policy of hazard and liability insurance upon request, but not more than once per year. Upon the failure of an owner to provide a certificate of insurance issued by an insurer approved to write such insurance in this state within 30-days after the date on which a written request is delivered, the association may purchase a policy of insurance on behalf of an owner. The cost of such a policy, together with reconstruction costs undertaken by the association but which are the responsibility of the unit owner, may be collected in the manner provided for the collection of assessments in §718.116.
  - 3) All reconstruction work after a casualty loss shall be undertaken by the association except as otherwise authorized in this section. A unit owner may undertake re-construction work on portions of the unit with the prior written consent of the Board of Administration. However, such work may be conditioned upon the approval of the repair methods, the qualifications of the proposed contractor, or the contract that is used for that purpose. A unit owner shall obtain all required governmental permits and approvals prior to commencing reconstruction.
  - 4) Unit owners are responsible for the cost of reconstruction of any portions of the condominium property for which the unit owner is required to carry casualty insurance, and any such reconstruction work undertaken by the association shall be chargeable to the unit owner and enforceable as an assessment pursuant to §718.116. The association must be an additional named insured and loss payee on all casualty insurance policies issued to unit owners in the condominium operated by the association.
  - 5) A multi-condominium association may elect, by a majority vote of the collective members of the condominium operated by the association, to operate such condo-miniums as a single condominium for



purposes of insurance matters, including but not limited to the purchase of the hazard insurance required by this section and the apportionment of deductibles and damages in excess of coverage. The election to aggregate the treatment of insurance premiums, deductibles, and excess damages constitutes an amendment to the declaration of all condominiums operated by the association, and the costs of insurance shall be stated in the association budget. The amendments shall be recorded as required by §718.110.

- (h) The association shall maintain insurance or fidelity bonding of all persons who control or disburse funds of the association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the association or its management agent at any one time. As used in this paragraph, the term "persons who control or disburse funds of the association" includes, but is not limited to, those individuals authorized to sign checks on behalf of the association, and the president, secretary, and treasurer of the association. The association shall bear the cost of any such bonding.
- (i) The association may amend the Declaration of Condominium without regard to any requirement for approval by mortgagees of amendments affecting insurance requirements for the purpose of conforming the Declaration of Condominium to the coverage requirements of the subsection.
- (j) Any portion of the condominium property required to be insured by the association against casualty loss pursuant to paragraph (f) which is damaged by casualty shall be reconstructed, repaired, or replaced as necessary by the association as a common expense of the condominium. All hazard insurance deductibles, uninsured losses, and other damages in excess of hazard insurance coverage under the hazard insurance policies maintained by the association are a common expense of the condominium, except that:
  - 1) A unit owner is responsible for the costs of repair or replacement of any portion of the condominium property not paid by insurance proceeds, if such damage is caused by intentional conduct, negligence, or failure to comply with the terms of the Declaration or the rules of the association by a unit owner, the members of his or her family, unit occupants, tenants, guests, or invitees, without compromise of the subrogation rights of any insurer as set forth in paragraph (g).
  - 2) The provisions of subparagraph 1. regarding the financial responsibility of a unit owner for the costs of repairing or replacing other portions of the condominium property also applies to the costs of repair or replacement of personal property of other unit owners or the association, as well as other property, whether real or personal, which the unit owners are required to insure under paragraph (g).
  - 3) To the extent the cost of repair or reconstruction for which the unit owner is responsible under this paragraph is reimbursed to the association by insurance proceeds, and, to the extent the association has collected the cost of such repair or reconstruction from the unit owner, the association shall reimburse the unit owner without the waiver of any rights of subrogation.
  - 4) The association is not obligated to pay for repair or reconstruction or repairs of casualty losses as a common expense if the casualty losses were known or should have been known to a unit owner and were not reported to the association until after the insurance claim of the association for that casualty was settled or resolved with finality, or denied on the basis that it was untimely filed.
- (k) An association may, upon the approval of a majority of the total voting interests in the association, opt out of the provisions of paragraph (j) for the allocation of repair or reconstruction expenses and allocate repair or reconstruction expenses in the manner provided in the Declaration as originally recorded or as amended. Such vote may be approved by the voting interests of the association without regard to any mortgagee consent requirements.



- (l) In a multi-condominium association that has not consolidated its financial operations under §718.111 (6), any condominium operated by the association may opt out of the provisions of paragraph (j) with the approval of a majority of the total voting interests in that condominium. Such vote may be approved by the voting interests without regard to any mortgagee consent requirements.
- (m) Any association or condominium voting to opt out of the guidelines for repair or reconstruction expenses as described in paragraph (j) must record a notice setting forth the date of the opt-out vote and the page of the official records book on which the Declaration is recorded. The decision to opt out is effective upon the date of recording of the notice in the public records by the association. An association that has voted to opt out of paragraph (j) may reverse that decision by the same vote required in paragraphs (k) and (l), and notice thereof shall be recorded in the official records.
- (n) The association is not obligated to pay for any reconstruction or repair expenses due to casualty loss to any improvements installed by a current or former owner of the unit or by the developer if the improvement benefits only the unit for which it was installed and is not part of the standard improvements installed by the developer on all units as part of original construction, whether or not such improvement is located within the unit. This paragraph does not relieve any party of its obligations regarding recovery due under any insurance implemented specifically for any such improvements.
- (o) The provisions of this subsection shall not apply to timeshare condominium associations. Insurance for timeshare condominium associations shall be maintained pursuant to §721.165.