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**To:** barry

**Subject:** Loss Assessment Info

Many of you have contacted me regarding the damages that your association has incurred that are far below your associations insurance deductible. Below is a short explanation of how you might recover those expenses. Most important is that you have the work completed and take pictures of the damaged area. Taking shortcuts will always catch up, down the road so hire a professional who is licensed and insured to complete the job in a professional manner.

(DISCLAIMER) A brief explanation is shown below but remember this is only a brief explanation and I suggest you contact your property manager or attorney before proceeding. The policies themselves will be what is used in determining the actual coverages.

If all of the covered damages of the association are less than the deductible on the associations insurance policy...the association should make all the repairs and then issue a "Loss Assessment Letter" to each unit owner for their proportionate share of the loss. The individual unit owner then takes that letter to their respective unit owner insurance company and files a claim under "Loss Assessment Coverage", which must be on all policies in the state of Florida with a minimum of \$2,000. This coverage generally has no deductible. So multiply the # of units in your association times \$2,000 and you have that amount to work at a minimum. Some will have more than \$2,000. Regardless of insurance, the unit owner will owe their proportionate share of the damages whether they have insurance or not. We will be glad to help you with the letter.

#### **Florida Law Requires Loss Assessment Coverage for Condominium Unit Owner Policies**

Florida Statute § 718.111(4) gives condominium associations the power to make and collect assessments to "lease, maintain, repair, and replace the common elements of association property." Typically, if common areas owned by condominium associations are damaged or destroyed, the associations may seek to have each of the individual unit owners pay for a portion of the damage. If the loss is one that the association is insured against, the association may still assess unit owners for any costs or liabilities other than what is recovered from the insurance claim.

Florida Statute § 627.714 requires that residential condominium unit insurance policies issued or renewed after July 1, 2010, must include at least \$2,000 in property loss assessment coverage. This coverage would pay up to the stated amount for any assessments made upon each insured unit owner. When determining how much loss assessment coverage one should get, unit owners may want to consider what property the association is responsible for, how much insurance the association has, and how much previous assessments have been.

The loss assessment coverage provision of § 627.714 sets forth a few requirements:

- Policy must include at least \$2,000 worth of coverage
- The coverage amount is in excess of all other coverage

- Deductible can be no more than \$250
- The deductible will not apply if another one was already applied to the unit owner for the same loss
- Coverage applies to all assessments made related to a particular loss
- Loss must be to property owned by the community as a whole
- Loss must be of the type covered by the unit owner's homeowner policy

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