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New insurance rules upset condo owners

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Dick Herman may be president of the Burgundy A Condominium Association, but he doesn't like being a cop.

So you won't find the 70-year-old head of this suburban Delray Beach condo asking fellow retirees at the Kings Point development whether they've purchased insurance coverage for their units. That's despite a new state law that goes into effect Thursday requiring his and other condo associations to do so.



How the new law works

- A leaking water heater in an uninsured second-floor condo unit floods the condo unit below it.
- The unit owner below has insurance but still has a \$2,000 deductible.
- Unable to collect from the uninsured owner, the unit owner with flood damage could sue the condo association, arguing that it failed to protect residents interests by not 'force placing' insurance on the owner going bare.

Source: Florida Department of Business and Professional Regulation; attorneys specializing in condo law.



[Timing Is Everything for Condo Insurance](#)

Matt Hudson, a state representative from Naples, said he was only

trying to help out
condominium ...

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making us police what residents are doing."

Indeed, according to the Jan. 1 law, if the unit owners still don't pay up, associations can obtain court judgment holding owners in default and eventually take possession of their condo units.

Although the new law - passed during the spring legislative session - can pit neighbor against neighbor in cases, state lawmakers decided that requiring insurance protects the interests of all unit owners. Too often associations were being socked with the bill when damage to one unit caused internal problems in another a tub overflowing and leaking into the units below.

Still, what well-intentioned legislators thought was good public policy has resulted in hundreds of complaints to state officials over the new requirements because many owners have paid off their units and don't feel they should be forced to insure it beyond the master condo policy - which they pay through their maintenance fees to cover floors, walls and roofs.

There are no official statistics on how many of the more than 1 million condo unit owners in Florida are covered for interior features like kitchen cabinets, fixtures and hot water heaters. But it is believed by observers to be widespread, particularly in retirement communities like Kings Point where most are on fixed incomes.

State Rep. Matt Hudson, R-Naples, who spearheaded the new condo law, said it encourages owners to be responsible to cover damages to their unit and others. "If you don't insure your unit, it can create havoc,"

But the havoc may end up extending to the associations themselves. The state's chief condo regulator, Michael Cochran, said associations could end up getting dragged into lawsuits between owners over unit damages if they don't enforce insurance requirements.

Attorneys who practice condo law say associations can't possibly afford to "force place" insurance right now. "The law is coming at the worst possible time," Fort Lauderdale-based lawyer Donna Berger said.

"The problem is associations are already facing huge expenses foreclosing on owners delinquent on maintenance fees, and they can't afford to lay out insurance fees."

Berger wants state lawmakers when they meet in March to abandon the insurance requirements for several years, "until the economy gets better."

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