

# Condominium Unit Owner Insurance Buyers Guide

## Condominium Unit Owners Coverage

This summary is to provide some information to help Florida Condo unit owners understand their financial responsibility when buying a Condo Unit Owners Policy. In Florida there are three important property coverages condominium unit owners and associations may purchase to protect their interest including Fire, Wind/ Hurricane and Flood. Additionally, liability coverage is provided to address claims filed as a result of accidental injuries to others and unintended property damage for which you may become legally responsible



Florida Coastline is covered with Real Property that needs to be protected for the perils of Flood, Fire & Wind/ Hurricane



30% of Flood Losses last year Occurred in Non Flood designated areas (X Flood Zone)

## Flood Risk

Floods are one of the most catastrophic property hazards in the United States. A building doesn't have to be in a designated flood zone to experience a loss due to rising water or wave wash. Thirty Percent of the Flood Losses that occurred last year were in a non designated flood area (X Zone). Flood insured Damages during the 2004 and 2005 Hurricane Seasons totaled nearly \$20 Billion dollars. Florida is surrounded by water and flood insurance premiums are affordable and may be as low as \$100 per year in preferred risk area.

## Wind / Hurricane Risk

Wind Coverage covers damage resulting from severe wind and/or hurricane. Wind coverage may be included in the multi-peril policy or may be written as a separate coverage. Both wind and flood damage can occur during the same storm. In this situation both policies could respond based on the percentage of damage caused by each peril as determined by the claims adjusters.

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The Condo Unit Owners Policy has several parts to the coverage which we outline below. Flood is always a separate policy and Wind may be included in the condo policy or written as a separate coverage.

Florida Statue 718 defines the building insurance responsibility of the Condominium vs. the Condominium Unit owner. Approximately 70% of the condominium's building value is the responsibility of the condominium association and about 30% is the unit owner's responsibility. The Hazard values (Fire & Wind) which the individual unit owners are responsible for include:

- Floor Coverings – carpet, tile, vinyl, wood in the individual unit
- Ceiling Finishes - paint, sprayed finishes within the individual unit
- Wall Finishes – paint, wallpaper, or ceramic tile within the individual unit
- Electrical Fixtures – appliance refrigerator, stove, dishwasher water heaters, bathroom fixtures
- Built In Cabinets
- Alterations improvements and betterments

Insurance Companies that provide condo unit owner policies recommend dwelling/ additions and alterations coverage of a **MINIMUM of \$40 a square foot**. The cost per foot increases based on type of construction and the finish of the unit. A 1200 square foot condo owner should insure at least \$48,000 in dwelling/additions and alterations coverage on the Condo Unit policy. Contents are always the insurance responsibility of the owner of the unit. Contents can be defined as anything that would fall out if the unit was turned upside down.



## Personal Property

Personal Property (contents) in a unit are any items in the unit that are not attached. Personal Property can be illustrated by defining them as anything that would fall out if the condo unit was turned upside down. The amount of coverage may be based on Replacement Cost or Actual Cash Value. Replacement Cost is recommended because Actual Cash Value is Replacement Cost minus Depreciation. We recommend a list of inventory (personal property) in your condo to help determine the correct dollar amount of insurance which may assist the adjuster at the time of a claim. There are limits applying to certain types of personal property such as antiques, jewelry, furs, fine arts, silverware, guns, musical instruments, money. These may be insured separately under and “all risk floater.”

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## Personal and Legal Liability

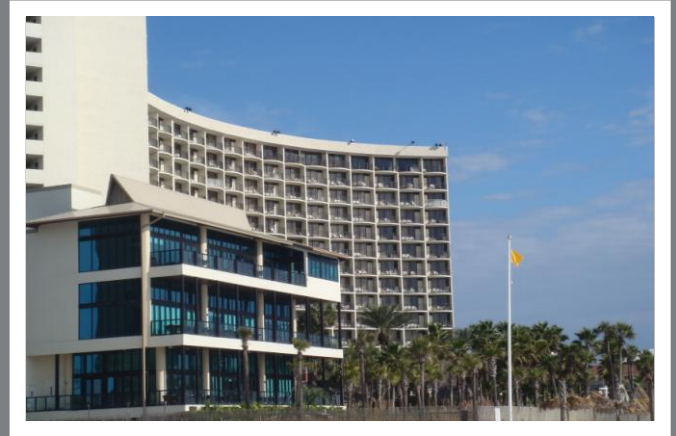
This coverage provides coverage for claims occurring as a result of accidental injuries to others and unintended property damage for which you become legally responsible. On condo policies the liability limits can be written from \$300,000 up to \$1,000,000. Coverage can be increased by an Executive Umbrella for additional protection.

## Additional Living Expense / Rental Value

This coverage pays any necessary living expenses for you to live somewhere else while your condo is being repaired as the result of a covered loss. If the condo is insured as rental property, then you could be reimbursed for any lost rental income while the unit is being repaired. This provision is subject to co-insurance on some policy forms.

## Medical Payments

This covers actual medical expenses for accidental injury to guests in your unit.



## Claims Information

There are a few things outlined below that can be done before and after a loss that are very helpful to the claims adjuster in a claims process.

### Prior to a Loss

Take Photos of Inside of Condominium Unit

Take Photos of all Contents Inside Unit

Make a detailed List of all Contents

Save any receipts for Upgrades to Unit

### After a Loss

Do what needs to be done to Stop Damage or mitigate damage.

Save all receipts During Temporary Repair

Take Photos

Report Claim to your Independent Insurance Agent who will manage your expectations for the claim and be your claims advocate throughout the claims process.

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## Condominium Flood Insurance

Flood insurance is written as a separate policy. Since the Flood program is a federal program the insurance responds differently than it would to Florida Hazard insurance. In Florida the Condominium Association is responsible for insuring the entire building. Individual unit owners are responsible for flood insurance for all contents in their unit and can buy supplemental amounts of additions and alterations coverage if they have expensive or custom finished interiors. An important thing to remember is the maximum amount a Flood policy through the National Flood Insurance Program will pay is \$250,000 for building and \$100,000 for contents per unit. This includes policies purchased by the Condominium association as well as the individual unit owner. If coverage is needed above this level it can be purchased in the private insurance market place. We often get the question "if I am 20 stories up why would I purchase flood for my contents?" If a building is condemned due to flood damage and you are no longer able to enter the building your personal property would be a total loss. If you purchased flood contents coverage this policy would respond. Florida is surrounded by water and flood insurance premiums are extremely affordable; many as low as \$100 per year in a preferred risk area.

## Blackwell Insurance Serving Condominium Unit Owners in Florida Since 1972

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