



Three Generations of Service



RISK & INSURANCE REVIEW

Community Risk & Insurance Solutions

Officers & Directors – Association Managers

www.communityriskinsurancesolutions.com

Sunshine State Edition

Spring 2009

FORETHOUGHT - Spring is a good time to refocus on priorities. With the recent changes to 718, insurance companies *in and out* of the Florida market, appraisals, surveys, deductibles, financing, assessments, etc., one can easily get off- track, but our primary fiduciary duty is defined by 718 as *protecting Association assets in prudent avoidance of catastrophic risk of loss!* Fulfilling this responsibility requires *forethought* - not to be confused with rationalization. When we fail to insure residential buildings and common elements at the actual cost to rebuild today, we are compromising our fiduciary duty to protect the association's assets. Recalling past mistakes may enhance our ability to plan for future contingencies. For example, the similarities between current global economic problems and the savings & loan crises in the 80's are a reminder that there are always "experts" willing to compromise, but we can count on the fact that overvaluing or undervaluing property *will come back to bite*. Forethought is knowing how risky that can be, and remembering the adage, "*if it looks too good to be true, it probably is!*" Today our property may not sell for what it did three years ago; material costs that declined with lower transportation costs are, now, edging back up. Labor costs appear to be down, but past experience has taught us that hurricanes and floods generate shortages in both labor and materials resulting in dramatic increases in construction costs at a time when we need the right amount of coverage the most.

Like Goldilocks, we need to get it *just right!* To do this, we must determine the *correct* Replacement Cost – the cost to rebuild (new for old). Forethought is realizing this and drawing on the expertise of an ethical and experienced, certified appraiser, licensed commercial building contractor, commercial insurance agent, and association manager. Look to those who are familiar with similar properties in your area. The cheapest and/or lowest appraisal can cost more in the long run.

Contact Barrett-Harding Agents, Susan Barrett or Brenda Snider, for economical Condo Association protection.

FLORIDA STATUTE 718 CHANGES EFFECTIVE 1/01/2009

Unit-owners required to furnish Proof of Insurance including at least \$2,000 Loss Assessment.

Association must be shown as Additional Named Insured & Loss Payee.

Association empowered to force-place coverage.



RUMORS that H.B. 601 will be repealed are rampant & doubtful. It is more likely that the legislature will respond to the "glitches" in the newly-mandated changes to 718 by revising the Named Insured/Loss Payee requirement to show the Association as an Additional Insured having an interest in physical loss to and liability arising from the residential structures and common elements.

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COMMUNITY RISK & INSURANCE SOLUTIONS from Barrett-Harding at www.communityriskinsurancesolutions.com Savings to Condo & other Community Associations - Insurance Products and Risk Management Services Including Budget Assistance, Insurance Bid & Spec Preparation; Safety, Wind Mitigation Credits; & Claims Assistance, Workers Compensation Audits, & Premium Finance. Phone CRIS at 727-697-3200; -Susan Barrett,AAI

Florida Approved Non-Admitted Insurance Carriers perform an important & necessary function in Florida coastal areas where Admitted markets are limited, can not accommodate needed coverage, or do not have sufficient financial rating. Although they are not subject to Florida rate or form filing, they must meet Florida financial requirements including being admitted in at least one state in the US. It is important to know that Florida requires Resident Agents to perform Due Diligence in securing a Florida-Admitted carrier before resorting to an Approved, but Non-Admitted, insurer. The governing statute requires resident agents to “clearly” advise consumers who are considering placing their insurance through a Non-Admitted carrier that when doing so, they “FORFEIT THE PROTECTION OF THE FLORIDA INSURANCE GUARANTEE FUND.”

It is critical that your agent/broker be forthright in presenting your options. Since Non-Admitted insurers do not pay into the FIGA, it is the responsibility of the Board of Directors to be diligent in researching the financial condition. While your Agent or Broker will furnish you with financial information on the proposed carrier, it is also easily found on-line. A.M. Best is the recognized industry source to ascertain property-casualty financial information including any “watch” postings. At the Florida Department of Financial Services website www.fdfs.com, click on “Check My Insurance Company” to determine if a carrier is Approved to do business in Florida. (Be wary of any carrier not listed on the site.) You can determine if insurers have an Active Certificate of Authority (Admitted) or a Letter of Eligibility (Approved Non-Admitted). This site also provides the date the company was first permitted to do business in Florida and the domicile address.

FOR CONDO ASSOCIATION INSURANCE RATE RELIEF: Call Brenda Snider at 727-863-1149
www.condominiumriskandinsurancesolutions.com

IN TALLAHASSEE, THE BEAT GOES ON!

The Citizens Task Force draft recommends an end to the rate freeze in 2010 with a 10% annual cap on increases. In light of current economic realities, some still doubt that adding the cap will be enough to convince Senator Mike Fasano, Senate Banking & Insurance Committee, and enough other legislators to pass.

DIRECTORS & OFFICERS LIABILITY POLICIES VARY! Look for (1) Liability arising from Association Board member decisions resulting in an individual or group suit by an employee, committee member, volunteer, resident or public. (2) Liability arising from breach of contract. (3) Implied libel slander, or defamation of character. (4) Defense limits outside the limit of liability. (5) Property manager named as Additional Insured. Questions? For a review, call Sarah Carson or Susan Barrett or at 727-863-1149.

DIVERSIFY?

Lori Harding of Barrett-Harding Insurance tells how, in spite of advice to the contrary, “We continue to do what we do best. Our expertise has always been in Property & Casualty. We flirted with the idea of selling life, health or securities, but we could never quite find the time or commitment required to take on these other lines and continue to provide the service the public has come to expect from Barrett-Harding, so we decided to ignore the “experts” and stick to what we enjoy and do well.

We represent the second and third generation of a service-oriented insurance family with more than 70 years (nearly 30 in Florida) behind us and are as committed as ever. By being true to our ideals, doing what we enjoy and do best, and providing unrivaled service and advocacy to our clients, we stay true to our motto, “THREE GENERATIONS OF SERVICE.”