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### Law will require proof of interior-structure insurance for condos

By FALLAN PATTERSON

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Condo owners asking themselves whether they have the mandatory insurance to protect the interior of their units aren't alone. Starting Jan. 1, every condo unit owner will be required to have interior structure coverage, also called an HO-6 policy. And a new law has given associations the power to enforce it.

Currently, associations hold policies that cover only exterior structural damage but are also required by the Condominium Act to request proof of interior unit coverage from each owner. With the new law in place, associations can now purchase or "force place" coverage and collect special assessments from owners who do not provide proof of coverage within 30 days of the association's request.



"The association is not required to force place those policies but they can if they want to," said Donna Berger, managing partner of Katzman Garfinkel and executive director of the Community Advocacy Network.

"The Condominium Act has required for some time that owners have individual unit coverage. The only change now is that they have provided some teeth to enforce that requirement."

Previously, no law existed allowing the associations to enforce interior insurance coverage, which provided a loophole for unit owners to avoid the insurance premiums, at their own cost.

"Due to hurricanes, unit owners were forced to pay out of pocket," said Mark Ellis of Most Affordable Insurance in Margate.

Ellis said he is writing minimum policies for \$15,000 for the interior structure and \$20,000 for personal property that cost \$300 to \$400 a year. He gets 10 to 15 calls a day for quotes and is writing two to three policies a day, he said.

But the new law is not without controversy. Some of the law's vague wording has insurance agents, unit owners and condo associations confused about potential liability for the associations.

"How can an association force place policies?" Ellis said. "That's what is iffy to me."

"I think [the wording] might expose the association to potential liability should a unit owner suffer damage from an adjoining unit where the owner lacked coverage and the association knowingly did not force place that coverage," Berger said. "Given the current economic climate, most associations I speak with are not going to be buying these HO-6 policies on behalf of recalcitrant owners."

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