



TOWN OF INDIAN SHORES SPRING 2008 -NEWSLETTER



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The Residential Condominium Building Association Policy Covers More Condominium Types

Condominium Associations can purchase flood insurance coverage on a residential building and its contents under a *Residential Condominium Building Association Policy (RCBAP)*.

In addition to providing coverage for residential condominium buildings without imposing the burden of purchasing individual policies for each unit, the RCBAP expands the eligibility requirements to include all types of residential condominium buildings owned by the association, including:

- Garden apartment-type construction
- Townhouses
- Rowhouses
- Single-family detached buildings owned by the association
- Fee-paid timeshare buildings

The RCBAP Provides Greater Coverage for Less Premium

Building coverage is provided on a replacement cost basis. A co-insurance clause requires the condominium association to insure its building to at least 80 percent of the replacement cost value, in order to avoid suffering uninsured losses and charging assessments to members.

Cost-effective flood insurance protection is provided by insuring all units in a condominium building under a single policy requiring only one deductible, creating a cost savings to unit owners.

Other Major Benefits

The *Residential Condominium Building Association Policy*:

- Covers the entire building under one policy, including all units within the building as well as commonly owned building elements.
- Offers a high limit of coverage — *Building* - \$250,000 multiplied by the number of units, or the replacement cost of the building, whichever is less. *Contents* - \$100,000, or the actual cash value, whichever is less.
- Assists unit owners with mortgage insurance requirements.
- Provides greater protection against liability issues to condominium associations and board members.
- Allows condominium associations to comply with by-law property insurance requirements.

Unit Owners' Coverage — Building and Contents

An individual dwelling unit in a condominium building, defined as a single-family residence, may also be insured under the *Standard Flood Insurance Policy - Dwelling Form* in one of three

ways:

- An individual unit and its contents may be separately insured by the unit owner.
- An individual unit may be separately insured if the policy is purchased by the association in the name of the "owner of record, unit number and (name of) Association as their interests may appear."
- An individual unit owned by the association may be separately insured if the policy is purchased by the condominium association.
- Unit owners need to be aware that, if for any reason a condominium association elects to discontinue its RCBAP, individual unit owners may be responsible for covering flood damage. That is why having flood insurance and proper coverage is important for all residents living in condominium buildings, including high-rise condominiums. It doesn't matter if you live on the first, third, or tenth floor. If the lowest floor or foundation of the structure is damaged by flood, the building could be condemned or deemed uninhabitable. Also, condominium by-laws require all unit owners to be assessed for uninsured damages to common areas of a building if damaged by flood.

Non-Residential (Commercial) Condominiums

Building and Contents - Non-residential (commercial) condominium buildings and their commonly owned contents may be insured in the name of the Association under

the *General Property Form*. The "Non-Residential" limits apply.

Building		Contents
Emergency Program	\$100,000	\$100,000
Regular Program	\$500,000	\$500,000

Unit Owners' Coverage (Contents) -The owner of a non-residential condominium unit may purchase contents coverage only for that unit. Building coverage cannot be purchased in the name of the unit owner.

POLICY ON UNHABITABLE AREA: Uses of the area beneath an elevated building are restricted to parking, access, and storage; lower areas must not be finished or used for recreational or habitable purposes. No mechanical, electrical, or plumbing equipment is to be installed below the Base Flood Elevation + three feet. Our policy on uses of enclosed (unhabitable) area is: Access, parking and limited storage not greater than \$500. Enclosed area is no larger than 300 square feet.