

# Statewide Condo Connection Newsletter



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## NFIP -NEW Homeowner Flood Ins. Affordability Act of 2014 (HFIAA)

On March 21, 2014, President Obama signed the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) into law. Effective May 1, 2014, FEMA has directed WYO companies to stop charging full risk-rates for all types of Pre-Flood Insurance Rate Map (FIRM) properties covered by section 3 of the HFIAA which includes primary residences and businesses.

In addition, HFIAA requires FEMA and WYO companies to restore Pre-FIRM subsidized rates for the following properties: (a) Pre-FIRM properties that were not insured when Biggert Waters was enacted; (b) Pre-FIRM properties that were sold after Biggert Waters was enacted; and (c) policies for Pre-FIRM properties that were rated full-risk under Biggert Waters due to a lapse in coverage.

New policies effective on or after May 1, 2014 on Pre-FIRM buildings will not require an Elevation Certificate and will use grandfathered rates.

WYO companies are working on active existing policies that were rated higher and will provide adjustments and refunds to those that were impacted with the BW-12 increases just rolled back.

**Requirements Regarding Annual Rate Increases.** – This section caps maximum average annual RATE increases at 15% (BW-12 had 20% cap); creates a new 5% minimum average annual RATE increase for subsidized and grandfathered properties; caps maximum annual PREMIUM increase at 18% of prior year's premium for all properties not subject to higher, 25% increase for second homes, commercial properties and severe repetitive loss properties.

Also coming within the next 18 months, a Monthly Installment pay plan option and requirement to offer flood insurance policies with deductibles up to \$10,000 and that policyholders be notified that the policyholder is responsible for "losses to the extent of the deductible selected."

These are just a few of the over 30 provisions that are included in HFIAA of 2014.

Please contact us to discuss your policy rating, flood zone changes, and Elevation Certificates as these all factor into the cost of the Flood insurance. Let us make sure your costs are as low as possible – send us your current declarations page(s) and elevation cert(s), for a free review now.

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## 2014 HURRICANE SEASON BEGINS JUNE 1

### ...ARE YOU PREPARED ?

Recently, Colorado State University's Tropical Meteorology Project released a "below average" prediction for the 2014 Atlantic hurricane season. However, experts still predict that we could see nine tropical storms, three of which could intensify into hurricanes with one becoming a major hurricane. AccuWeather.com has joined two forecast teams calling for a relatively slow hurricane season. It predicts 10 named storms, including five hurricanes, two intense. The last below-average seasonal prediction was in 2009, when nine named storms, including two major hurricanes — Bill and Fred — resulted in more than \$77 million in damage.

While early predictions are an important indicator of what is to come, weather can be unpredictable. It's important to consider that it only takes one storm to cause significant property and flood damage, so make sure you are logistically and financially covered for all possibilities before the first hurricane forms.

We recommend you review (or create) your **disaster plan** now and secure your procedures in the event of power outage or direct storm damage. Emergency phone numbers should be on file, including cell phone numbers and who to call list. Contact a local disaster recovery firm for planning and advice should you need them. A Hurricane Preparedness Guide can be found on the CanFL.com website or we can also provide you a copy, just ask us.

Statewide has connected with **Servpro** as a value added service to our clients. They have offered to prepare their Emergency Ready Profile, for our clients at no charge. They will meet with you, survey the buildings and grounds and provide you with the completed ERP document as a handy reference tool for emergency/disaster situations.

**Contract Review:** it is important to review the association's contracts with all service providers before the storm season and what to expect in terms of service delivery in a storm's aftermath.

**Document & Record Security:** association documents should be preserved and stored for availability in the immediate aftermath of a hurricane disaster;

**Facilities Preparation:** the need to determine if the property is ready to confront the impact of a tropical storm and why documentation of the pre-storm state of the property is crucial to post-storm disaster recovery;

**Member Communications:** Boards should avail themselves of all possible means of communication with residents, owners and employees - before, during and after a storm;

**Review Insurance Policies:** Review your deductibles: Hazard Policies - Hurricane, Named Storm, Wind & Hail are a percentage of the Building or Property limits as per schedule attached to policy. Remember that binding new or increasing coverage is suspended by all companies when a Named Storm approaches our area, generally days ahead of landfall. New Flood insurance policies have a 30 days waiting period, EC's are required for Post-FIRM buildings.

Please contact us to discuss any concerns you have about your Property or Flood insurance policies, deductibles, coverage, or terms. Do not wait for a storm to develop, it may be too late.

## Sinkhole vs Catastrophic Ground Cover Collapse... are you clear?

Florida experiences more sinkhole activity than any other state. Florida Statute 627.706 requires every insurer authorized to sell property insurance in Florida to also provide coverage for catastrophic ground cover collapse. However, sinkhole damage may not be covered by your property insurance policy because the law defines sinkhole damage differently from catastrophic ground cover collapse.

Florida law defines a **sinkhole** as "a landform created by subsidence of soil, sediment, or rock as underlying strata are dissolved by groundwater. A sinkhole may form by a collapse into subterranean voids created by dissolution of limestone or dolostone or by subsidence as these strata are dissolved."

Florida law defines **catastrophic ground cover collapse** as "geological activity that results in all the following:

- 1) The abrupt collapse of the ground cover;
- 2) A depression in the ground cover clearly visible to the naked eye;
- 3) Structural damage to the building, including the foundation; and
- 4) The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

Chapter 627 of the Florida Statutes also states: "... Structural damage consisting merely of the settling or cracking of a foundation, structure, or building does not constitute a loss resulting from a catastrophic ground cover collapse."

If you do not have sinkhole insurance coverage and your building is damaged due to sinkhole activity, your claim **MUST MEET ALL FOUR CRITERIA** for catastrophic ground cover collapse, otherwise your insurance company can legally refuse to pay your claim. All insurance companies licensed to do business in Florida are required to offer sinkhole coverage. This coverage often appears as an addendum or rider to your insurance policy. In most cases, you can also expect to pay higher premiums for this (added) coverage. E&S carriers do not have the same requirements.

Florida's 16 sinkhole prone counties are Alachua, Citrus, Hamilton, Hernando, Hillsborough, Lake, Manatee, Marion, Pasco, Pinellas, Polk, Seminole, Sumter, Suwannee, Wakulla and Washington,

Look for a Sinkhole Endorsement as part of your policy to define you policy's coverage, or call your agent to discuss with you in more detail. This coverage can vary by company and policy.

## COA's: Is your Appraisal "current" per FL Statute 718.111(11a.) ?

The Condo Statute reads: "... replacement cost of the property to be insured as determined by an independent insurance appraisal or update of a prior appraisal. The replacement cost must be determined **at least once every 36 months.**" It is best to do 120 days before property policy renewal date. Send updated appraisal valuations to your agent as soon as they come in to you.

Statewide Condominium Insurance has specialized in commercial property and community association insurance throughout Florida since 1996. We have designed special programs specifically for commercial properties allowing us to provide better coverage at a lower price while delivering superior customer service for our clients.

### Statewide Condominium Insurance

1425 20th Street

Vero Beach, FL 32960

800-260-5252 Toll Free

772.567.1700 – local // 772.562.7100 – fax / [www.statewidecondo.com](http://www.statewidecondo.com) / [www.swcins.com](http://www.swcins.com)