

FAIRBOURNE CONDOMINIUM ASSOCIATION, INC.  
KINGS POINT, SUN CITY CENTER 33573

May 17, 2012

Re: **Loss Assessment Coverage for Hurricane Insurance Deductible**

Dear Neighbors:

Recently, the Federation Membership voted to approve changes to the Insurance Deductible Fund (IDF) originally established to help pay the deductibles required when damages occur or when there is a liability issue. One of the changes is that the 3% hurricane deductible will no longer be covered by the IDF in the event of a named hurricane that causes damage to dwellings in Kings Point. The deductible is now the responsibility of each Association and this may affect you, personally.

In thinking about insurance, remember, you own everything inside your condo from the interior paint inward. Fairbourne owns almost everything from the wallboard outward, such as the walls and roof. Hazard insurance is bought by the Federation to cover fire, general perils (acts of nature, etc.) and hurricane damage to the property owned by each member Association. This is the Master Insurance policy. Each Association reimburses the Federation through a portion of their unit owners' monthly fees.

By law, each Florida Condo Association must carry hazard insurance on the buildings it owns. Fairbourne meets this requirement through the Federation's Master Insurance policy. At one time, the law also required owners to purchase individual homeowners' insurance (HO6) to cover up to \$2,000 of the association's deductible as well as whatever portion of the interior of the building and personal property the unit owner cared to insure. Although Florida no longer mandates HO6 insurance, it may be advisable for you to have such insurance anyway.

One feature of HO6 policies is the "**loss assessment**" provision. In the event of a named hurricane that severely damages Association buildings, the Master policy purchased for us by the Federation will pay for rebuilding. However, before the insurance company starts paying, the Association will be required to pay a "deductible". Each unit owner will be assessed an amount to cover the total cost of this deductible. The deductible amount is different for each Association and varies from year to year.

This fiscal year Fairbourne's portion of the deductible is \$3,804 per unit should any of our buildings be damaged by a named hurricane. If your unit is damaged and you have HO6 insurance, the "loss assessment" feature of your policy will kick in and pay the standard amount of \$2,000. That \$2,000 will then be applied to the \$3,804 assessment for the Association's deductible. Your out-of-pocket expense will then be \$1,804. If you do not have an HO6 policy, you will be liable for the full \$3,804.

All insurance policies in Florida have the loss assessment coverage mandated at \$2000. Some, but not all, companies will allow you to buy more coverage for an additional premium. **We are not insurance agents. You must contact your own insurance company to find out what is available to you. Your agent also can tell you more about the loss assessment feature and when it can be applied.**

This memo applies to named hurricane coverage only. The Master Insurance policy does NOT cover flooding. If you do not have flood insurance, contact FEMA for National Flood Insurance Program information at 1-888-379-9531 because "low risk" doesn't mean NO risk – if it can rain, it can flood!

Sincerely,



Ellen Moyle Harris, Secretary  
Fairbourne Condominium Association