**What your HO-6 policy should include**

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TO:  Gulfstream Tower Unit Owners  
RE:  HO-6 Policies  
               
HO-6 Policies  
Insurance carriers are rated and it is highly recommended to use an A-Rated carrier to insure proper coverage. The rating of a carrier is what makes a major difference in the premium. Here is an in-depth explanation of HO-6 homeowner insurance.

**Dwelling Coverage**  
Insurance companies offer Dwelling Coverage, which generally insures the interior walls, drywall, wallpaper, paneling, flooring, carpeting, or built-in cabinets. This is the coverage you need to cover your part of the building; the unit you own.

As a condo association, you all take responsibility and ownership for the common areas, the exterior of the building, and energy equipment. The interior of your unit, however, is your responsibility, and it is important to make sure your real estate investment is protected.  
Dwelling Coverage usually covers damage resulting from:

        \* Accidental discharge or overflow of water from your plumbing  
        \* Fire and lightning  
        \* Explosions  
        \* Theft, vandalism and malicious mischief  
        \* Sudden, accidental damage from smoke  
        \* Windstorm or hail  
        \*Smoke damage  
        \* Sudden, accidental tearing, cracking, burning or bulging of a steam pipe or hot water heating system

NOTE: HO6 policies do not cover for FLOOD damage.   
   
**Do I need dwelling coverage for my unit?**

Florida Statute 718.111 no longer requires the unit owner to purchase and provide evidence of insurance coverage for their units.  However, to protect your individual assets such as personal belongings and the interior of your unit it is highly recommended.

**HERE IS WHAT TO CONSIDER:**  
In Florida, purchasing insurance is not as easy as it is elsewhere.  We have limited markets many that refuse to write policies for units in buildings due to age and location.

When attaining quotes for GULFSTREAM units it is important that you have your association's most recent mitigation form (GT current form expires in 2017 and is available on this website) in order to get the most available credits.  If you try to use an old one, you will not get any credits.  
   
**HERE IS WHAT YOU GET IN AN HO-6**  
Building or Additions & Alterations  
In Florida, Statute 718.111 paragraph 11 governs how condominiums are to be insured.  The statute defines the responsibility of the unit owner to include limited common elements, floor wall and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built in cabinets, window treatments, including curtains, drapes, blinds, hardware and other window treatment components or any other replacement of the foregoing that lie within the boundaries of the unit and service only one unit.

**Personal Property**  
Personal Property Coverage typically protects your personal belongings against the same list of risks and perils mentioned in Dwelling Coverage of Condo Policies, Part 1.  
Personal property includes everything you own in your home--furniture, TVs, computers, rugs, clothing, books, cookware, etc. Everything that is not attached to your condo is personal property and it should be insured.

**How Much Coverage Is Enough?**  
There are a couple ways to determine how much coverage you need. The question is difficult: What is the replacement cost of everything you own? Most often, homeowners undervalue their property, which results in under-insuring their property.

One method is to individually value each item in your home. This means taking an entire inventory of your home and assigning a value to each item. Many homeowners also like to take pictures, or even a video, of their home items to keep on file in case of a loss.

If you need to estimate, another method of determining your personal property value is to use a simple multiplier. As a rule of thumb, for the first 1,000 square feet of your condo, assume $40,000 in personal property. For each additional 500 square feet, add approximately $5,000 in coverage.   
Example: If your unit is 1,500 square feet, you would want to consider purchasing $45,000 in personal property coverage.  Keep in mind this is not always accurate.

Unless otherwise specified, Coverage C – Personal Property Coverage, is for actual cash value at the time of loss, which is the replacement cost of the item, minus depreciation. Buying an endorsement can increase this coverage. 

As a consumer, look at the endorsement section to be certain that replacement cost has been endorsed onto your policy.  Most agents always do this, but in order for you to be informed it is a good idea to check when you are shopping rates. 

Do you need more than actual cash value coverage for your personal belongings?  
We recommend replacement coverage for your personal property, rather than actual cash value. If you purchased most of your belongings a few years ago, their current depreciated value may be a lot less than what it would take to replace them.

**Example**

If your television is damaged in a fire, actual cash value coverage pays out the amount of money your 10-year-old TV would be worth today, which may only be a few dollars. Replacement cost coverage would pay for a new TV of the same size and functions. This is why replacement cost coverage is always better than actual cash value.

If you have personal property such as firearms, jewelry, furs, antiques, collectibles, fine artwork, musical instruments or office equipment, you may need additional coverage. A standard condo policy usually has specific dollar limits for items like these. You can add or increase coverage amounts with an endorsement or additional policy.

**Loss of Use**  
If a “covered loss” occurs and your home is damaged, it will take some time to renovate your home. During this time, you will probably need somewhere else to live while the work is being done. How will you pay for additional living expenses while your condo is being fixed?  
Loss of Use Coverage will insure you for temporary housing expense,s such as an apartment rental. Loss of use coverage also will cover things like furniture, car and boat storage, and even pet kennel expenses.  
The Loss of Use coverage usually has a limit based on a percentage of the Personal Property limit, often around 20%. For example: if you insure Personal Property for $30,000, your Loss of Use coverage limit would be $6,000 (20% of $30,000).

**Personal Liability**  
One of the most important parts of a condo insurance policy is the Personal Liability Coverage. This will cover you against lawsuits, legal expenses, and medical costs if you are legally responsible for injury or property damage to others. The coverage here is variable, but most insurance professionals recommend a minimum of $300,000 and more if available.

As a consumer, the way to think about Liability is if you close your eyes and imagine your total net worth minus your primary residence.  The dollar amount that comes to mind is the amount of liability you should try to acquire.  It will be the amount an attorney will determine should s/he ever investigate you and it will be what may be available to take from you.

**Medical Payments**  
If a person not named on your policy is injured in your condo, this coverage would pay for some minor medical treatment, such as exams or x-rays. Generally, this coverage is fairly low, but provides the insured with means to cover minor medical expenses without filing a claim against the Personal Liability Coverage portion of the HO6.  
   
We at Signature Insurance know you have choices when it comes to selecting an insurance agent.  We know sometimes it is difficult to understand all of the challenges that face each of us as consumers when it comes to the selections we are offered.  Signature is committed to providing you as much assistance as we can not only with providing the best policy we can offer, but also with managing your expectations.  We strive to do our very best for you….. Our name is on the line.  
    
Respectfully,  
Carolyn P Rummel, CIC, CSPR