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THURSDAY, DECEMBER 10, 2009

VOL. 35 No. 50

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Wind insurance prompts debate

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As the end of the 2009 hurricane season neared this November, Carla Gemmati received a letter from her lender telling her the condominium no longer had windstorm insurance. Gemmati was given a choice: She could either purchase the insurance, or the lender would force place the coverage on the unit.

However, the condo association never notified her of its failure to renew the windstorm coverage, Gemmati said.

"It's the association's responsibility. I don't own the

building," said Gemmati, who has lived at Lake Point Condominiums in Lauderdale Lakes for more than five years.

Gemmati's plight is increasingly common for unit owners in South Florida who aren't sure whose responsibility it is to pay for windstorm insurance, which covers tornadoes and hurricanes. While the Florida statutes maintain that associations must protect the property as much as possible, the requirements for what insurance asso-

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ciations must carry are often confusing to both boards and unit owners.

"It doesn't make me feel very safe that we don't have it," Gemmati said. "We got really lucky this hurricane season."

Bob Mandell, Lake Point Condominiums' property manager, said the association chose not to renew the windstorm insurance when it lapsed in September because of the coverage's \$90,000 price tag and a 20 percent foreclosure rate.

"It's a waste of \$90,000, and we can't afford it," Mandell said. "The board

agreed to cut the windstorm. It's like survival mode."

In 2005, Hurricane Wilma caused \$475,000 in damage to the 382-unit, 17-building condominium. Due to the 5 percent deductible, the association collected only \$75 from the insurance company. Lake Point has all other required insurance coverage, Mandell said, and has since installed \$2.5 million in hurricane screens.

"The board decided that the protection afforded by the new hurricane wind-screens installed after Wilma would eliminate the need for the insurance, at

least until the association's finances improved," said Cheryl Levin, the Lake Point Association's attorney. "Those screens are supposed to withstand winds of up to 200 miles per hour. Additionally, the association repaired the roofs, giving added assurances of protection."

Foreclosures and delinquencies have put a strain on finances for many association boards in South Florida. The Lake Point board had already made budget cuts in the areas of security and maintenance and currently has no financial reserves, Mandell said. Saving the \$90,000 on

windstorm insurance has helped the association pull out of a financial downward spiral.

"We're on the comeback trail," Mandell said. "It wouldn't surprise me if we purchase windstorm [insurance] in the future."

But the possibility of someday renewing the coverage is not good enough for Gemmati or her attorney, Robert Kaye of the Fort Lauderdale law firm Kaye & Bender.

"What they're failing to take into account is the [windstorm] insurance is for catastrophic circumstances like Hurricane Andrew in south Miami," Kaye

said. "The reason they're not purchasing it is that they cannot afford it, and it's not a good enough reason."

Additionally, the Florida Department of Business and Professional Regulation has the authority to fine an association if it deems the board negligent in protecting the property. Penalties of up to \$5,000 could result if it can be shown board members intentionally failed to provide insurance coverage, including windstorm, said Alexis Lambert, press secretary of the Department of Business and Professional Regulation.

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