

*AN INSURANCE AND RISK MANAGEMENT  
PROPOSAL PREPARED FOR*

*CENTER GATE ESTATES VILLAGE CONDOMINIUM ASSOCIATION,  
SECTION III, INC.*

*POLICY TERM:  
2/1/2025 – 2/1/2026*

*PRESENTED BY:  
DARREN HOWARD, CPCU*

*JANUARY 14, 2025*



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# About Atlas Insurance

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*The insurance market is cyclical, Atlas is consistent.*

Our Mission: Protect our clients, serve our community and build on a tradition of trust, honesty and integrity

Atlas Insurance has been a family owned and operated, leading insurance provider in southwest Florida since 1953. As independent agents, we are able to consult with a variety of insurance companies from across the country. We have the knowledge and expertise to advise on the most complex of risks, while leveraging our carrier relationships for the betterment of our clients.

The Atlas difference begins with an in-depth review of your unique exposures and a discussion to gain a thorough understanding of your priorities. From this foundation, we develop a program of solutions and best options that incorporate various insurance strategies. Our mutual goal is to lower your total cost of risk and ultimately improve your bottom line. In the process, we strive to establish a meaningful and successful partnership with our clients, our team members, and the insurance companies we represent.

Internally, our agency promotes education, personal development and wellness, and many of our employees strive to achieve maximum professional potential while working towards an industry recognized designation. We recognize that great customer service comes from the inside out. Present client testimonials often refer to not only savings enjoyed, but coverage satisfaction, post-sale policy service, assistance during a claim, target industry expertise, community service, and a general confidence in our agency and staff.

We sincerely believe that it's our stability and culture that bonds our clients to us and offers the assurance that we will be there when they need us. We offer an enduring promise to be gracious and considerate and operate with the highest level of honesty, integrity, and professionalism.

**[www.atlasinsuranceagency.com](http://www.atlasinsuranceagency.com)**

**National Network    |    Local Presence    |    Personal Service**



# Memberships and Awards

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## **SPECIAL AWARDS WE HAVE RECEIVED**

- Herald Tribunes Reader's Choice Award for Best Insurance Agency in Sarasota
- Tampa Bay Business Journal Top 25 Property & Casualty Insurance Agencies
- Business Observer Review Top 500 Largest Companies on the Gulf Coast
- Sarasota Magazine Five Star Home/Auto Insurance Professionals Award for Exceptional Service and Overall Satisfaction (several staff members)
- Sarasota Magazine Best of Sarasota
- Herald Tribunes Best Places to Work

## **PROFESSIONAL INSURANCE INDUSTRY MEMBERSHIPS**

- Independent Insurance Agents of America - "Trusted Choice" Agency
- Florida Association of Insurance Agents (FAIA)
- Professional Insurance Agents of Florida (PIA)
- Florida Restaurant and Lodging Association Statewide Insurance Council Member

## **CERTIFICATIONS & DESIGNATIONS HELD BY OUR STAFF**

- Chartered Property Casualty Underwriter (CPCU)
- Certified Insurance Counselor (CIC)
- Accredited Adviser in Insurance (AAI)
- Certified Insurance Service Representative (CISR)
- Certified School Risk Manager (CSRM)
- Associate in Claims (AIC)
- Commercial Lines Coverage Specialist (CLCS)
- Associate in Risk Management (ARM)
- Certified Risk Manager (CRM)
- Construction Risk Insurance Specialist (CRIS)
- Associate National Flood Insurance (ANFI)
- Certified Workers Compensation Adviser (CWCA)

## **CHAMBERS OF COMMERCE**

- Sarasota County Chamber of Commerce
- Manatee County Chamber of Commerce
- Charlotte County Chamber of Commerce
- Siesta Key Chamber of Commerce
- Longboat Key Chamber of Commerce

# Introduction to Your Service Team

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## Your team of professional insurance advisors:

<b>Agent/Sales Executive</b> Manages your overall account and brings all of the agency resources together for your benefit.	<b>Darren B. Howard, CPCU</b> (941) 552-4116 phone/fax <a href="mailto:dhoward@atlasinsuranceagency.com">dhoward@atlasinsuranceagency.com</a>
<b>Account Manager</b> Ensures that your insurance program is marketed to all available companies to obtain the best possible coverage for the best possible premium and handles day-to-day service requests.	<b>Mikayla Jodoin</b> (941) 552-4095 phone/fax <a href="mailto:mjodoin@atlasinsuranceagency.com">mjodoin@atlasinsuranceagency.com</a>
<b>Certificates of Insurance</b>	<a href="mailto:help@eoidirect.com">help@eoidirect.com</a> (941) 487-3000 fax
<b>Claims Advocate</b>	<b>Caryn Morgan</b> (941) 487-3008 phone/fax <a href="mailto:cmorgan@atlasinsuranceagency.com">cmorgan@atlasinsuranceagency.com</a>  Please contact our Claims Advocate listed above during our normal business hours: Monday through Friday, 8:00 a.m. until 5:00 p.m.  After normal business hours, please call Atlas 24/7 at 1-866-298-8283

[www.atlasinsuranceagency.com](http://www.atlasinsuranceagency.com)

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*PROPOSAL DISCLAIMER: The abbreviated outlines of coverage used throughout this proposal are not intended to express any legal opinion as to the nature of coverage. They are only visuals to a basic understanding of coverage. Please read your policy for specific details of coverage. This is not a contract or binder of insurance. The following pages are for illustration purposes only.*

# Schedule of Locations

<i><b>Premise #</b></i>	<i><b>Building #</b></i>	<i><b>Address</b></i>
1	1	4429-4431 Atwood Cay Circle Sarasota, FL 34233
2	1	4435-4437 Atwood Cay Circle Sarasota, FL 34233
3	1	4443-4445 Atwood Cay Circle Sarasota, FL 34233
4	1	4451-4453 Atwood Cay Circle Sarasota, FL 34233
5	1	4455-4457 Atwood Cay Circle Sarasota, FL 34233
6	1	4463-4465 Atwood Cay Circle Sarasota, FL 34233
7	1	4471-4475 Atwood Cay Circle Sarasota, FL 34233
8	1	4479-4481 Atwood Cay Circle Sarasota, FL 34233
9	1	4454-4456 Atwood Cay Place Sarasota, FL 34233
10	1	4462-4464 Atwood Cay Place Sarasota, FL 34233
11	1	4463-4465 Atwood Cay Place Sarasota, FL 34233
12	1	4455-4459 Atwood Cay Place Sarasota, FL 34233
13	1	4503-4505 Atwood Cay Circle Sarasota, FL 34233
14	1	4511-4513 Atwood Cay Circle Sarasota, FL 34233
15	1	4519-4521 Atwood Cay Circle Sarasota, FL 34233
16	1	4527-4529 Atwood Cay Circle Sarasota, FL 34233
17	1	4535-4537 Atwood Cay Circle Sarasota, FL 34233
18	1	4543-4545 Atwood Cay Circle Sarasota, FL 34233
19	1	4553-4555 Atwood Cay Circle Sarasota, FL 34233
20	1	4573-4579 Atwood Cay Circle Sarasota, FL 34233
21	1	4581-4583 Atwood Cay Circle Sarasota, FL 34233
22	1	Atwood Cay Circle Sarasota, FL 34233

# Property Coverage Outline

<i><b>PREM #</b></i>	<i><b>BLDG #</b></i>	<i><b>Coverage</b></i>	<i><b>Amount</b></i>	<i><b>Co-Ins %</b></i>	<i><b>All Other Perils Deductible (Per Occurrence)</b></i>	<i><b>Per Occurrence Hurricane Deductible (Per Building)</b></i>	<i><b>Replacement / Actual Cash Value</b></i>
1	1	Building	\$560,046	Agreed Amount		5%	RCV
2	1	Building	\$587,234	Agreed Amount		5%	RCV
3	1	Building	\$535,000	Agreed Amount		5%	RCV
4	1	Building	\$535,000	Agreed Amount		5%	RCV
5	1	Building	\$535,000	Agreed Amount		5%	RCV
6	1	Building	\$587,234	Agreed Amount		5%	RCV
7	1	Building	\$535,000	Agreed Amount		5%	RCV
8	1	Building	\$587,234	Agreed Amount		5%	RCV
9	1	Building	\$587,234	Agreed Amount		5%	RCV
10	1	Building	\$587,234	Agreed Amount		5%	RCV
11	1	Building	\$587,234	Agreed Amount		5%	RCV
12	1	Building	\$587,234	Agreed Amount		5%	RCV
13	1	Building	\$587,234	Agreed Amount		5%	RCV
14	1	Building	\$575,081	Agreed Amount		5%	RCV
15	1	Building	\$587,234	Agreed Amount		5%	RCV
16	1	Building	\$587,234	Agreed Amount		5%	RCV
17	1	Building	\$535,000	Agreed Amount		5%	RCV

18	1	Building	\$533,445	Agreed Amount		5%	RCV
19	1	Building	\$587,234	Agreed Amount		5%	RCV
20	1	Building	\$533,445	Agreed Amount		5%	RCV
21	1	Building	\$561,842	Agreed Amount		5%	RCV
22	1	Swimming Pools	\$51,990	Agreed Amount		5%	RCV
22	2	Ramada Gazebo	\$83,854	Agreed Amount		5%	RCV
22	2	Contents	\$5,000	Agreed Amount		5%	RCV
<b>Total Insured Value:</b>			<b>\$12,039,277</b>		<b>\$5,000</b>		

**Cause of Loss Coverage Form: Special**

**Terms & Conditions:**

- Please note that any item not listed above is NOT currently insured under the property policy
- Coverage for the wall is excluded
- Building Values have been increased by the 2% Inflation Guard
- Ordinance and Law changed from Full A & \$250,000 combined for B & C to Full A & 2.5% combined for B & C
- Equipment Breakdown Coverage Included
- 2% Inflation Guard Included
- Property Enhancement Endorsement Included

**Ordinance or Law Coverage:** Full Building Limit for Coverage A (Loss to the Undamaged Portion), and 2.5% Combined for Coverage B (Demolition Cost) and Coverage C (Increased Cost of Construction)

**Policy Exclusions (include, but are not limited to, the following):** Flood, Existing Damage, Earthquake, Certified Acts of Terrorism, Certain Computer-Related Losses, Virus or Bacteria, Sprinkler Leakage

<b>Underwriting Information</b>	<b>Date Last Received</b>
Wind Mitigation	October - December 2023
Appraisal	October 31, 2023

**\*\*Premium Options:**

<b>Deductible</b>	<b>O &amp; L Full A &amp; 2.5% Combined for B &amp; C</b>
3% Calendar Year/\$5,000 All Other Perils	\$59,867.00
5% Calendar Year/\$5,000 All Other Perils	<b>\$52,663.00</b>





**Coverage Extensions: Heritage Property & Casualty**

<b><u>Coverage</u></b>	<b><u>Limit</u></b>
Debris Removal	\$50,000
Fire Department Service Charge	\$100,000
Pollutant Cleanup and Removal	\$150,000
Newly Acquired or Constructed Property	90 Days
Electronic Data	\$100,000
Personal Effects	\$25,000
- Sublimit Per Person	\$5,000
- Sublimit Per Described Premises	\$25,000
Property of Others	\$25,000
Valuable Papers & Records	\$500,000
Property off Premises	\$25,000
Outdoor Property	\$100,000
Except Trees, Shrubs, Lawns or Plants	\$10,000
Any One Tree, Shrub or Plant	\$5,000
Accounts Receivable	\$50,000
Fire Extinguisher Recharge	\$10,000
Lock Replacement	\$7,500
Reward Reimbursement	\$25,000
Inventory and Appraisals of Loss	\$2,500
Wind Driven Precipitation	\$250,000
Backup of Sewers and Drains	\$150,000
Outdoor Signs	\$20,000
“Fungus”, Wet Rot, Dry Rot and Bacteria	\$50,000
Property in Transit	\$100,000
Off Premises Power Failure (24-Hour)	\$50,000
- Subject to a 24-Hour Deductible	

## Cyber Data Breach Endorsement (Included in Quoted Premium)

**Form:** First Discovered

### Coverage Schedule

Coverage	Limit of Insurance/ Sublimit of Insurance
<b>ENDORSEMENT AGGREGATE COVERAGE LIMIT</b>	\$100,000
<b>A. LIABILITY COVERAGE LIMIT (Inclusive of the following Coverages):</b>	\$100,000
1. Media	
2. Network Security \$100,000	
3. Data Compromise	
a. Privacy	
b. Regulatory Coverage	
Regulatory Fines (Sub Limit)	\$10,000
<b>B. FIRST PARTY EXPENSE COVERAGE LIMIT (Inclusive of the following Coverages):</b>	\$100,000
1. Privacy Breach Event	
2. System Compromise \$100,000	
3. Extortion Threat	
4. Funds Transfer Fraud	
5. Payment Card Industry (Sub Limit) \$10,000	\$10,000
6. Business Interruption (Sub Limit Subject to the ENDORSEMENT AGGREGATE COVERAGE LIMIT at the top of this Schedule)	\$25,000
<b>C. ENDORSEMENT DEDUCTIBLE</b>	\$1,000
<b>D. BUSINESS INTERRUPTION WAITING PERIOD</b>	24 Hours

THE AGGREGATE LIMIT OF LIABILITY WILL BE REDUCED AND MAY BE EXHAUSTED BY PAYMENT OF DAMAGES, CLAIM EXPENSES, PRIVACY BREACH EXPENSES, SYSTEM COMPROMISE, EXTORTION THREAT, FUNDS TRANSFER FRAUD, PCI FINES, AS WELL AS BUSINESS INCOME LOSS AND EXTRA EXPENSES.

Various provisions in this Endorsement may restrict coverage

### Coverage Warrant:

**Insured's Duty to Report:** If the Named Insured first discovers during the endorsement period any claim, or any circumstance which could reasonably be expected to give rise to a claim, loss, or targeted attack, the Named Insured must provide written notice as follows:

As soon as practicable during the endorsement period but in all cases no later than 30 days after first Discovered during the endorsement period. In addition, each notice must include a written report with the information as requested in the policy form.

*Contact your agent for claims reporting assistance*

## Notes and Recommendations:

- **Limits of Insurance:** Please review the values shown carefully to be sure they are adequate. The Association is ultimately responsible for determining insurance values.
- **Building Ordinance or Law Coverage:** This coverage protects you against loss due to the enforcement of existing building or zoning laws that result in additional costs to rebuild or demolish an insured building. Coverage for the loss of any undamaged portion of such buildings can also be insured. Property policies do not automatically provide coverage for loss of property resulting from the enforcement of a building ordinance.

### **The three applicable Ordinance Or Law Coverage Parts are:**

#### **Coverage A: Coverage for Loss to the Undamaged Portion of the Building**

Coverage “A” responds when a major loss triggers the application of the local ordinance or law, yet part of the building is undamaged. Essentially, the actual loss in such a claim is not just the value of the damage, but the value of the entire structure since the remaining structure has been rendered unusable by application of the local building code.

#### **Coverage B: Demolition Cost Coverage**

Coverage “B” fills the gap created by and between the commercial property policy and Coverage Parts “A” and “C” of the Ordinance or Law coverage. Specifically, Part “B” pays the cost to demolish the undamaged portion of the partially damaged structure and remove it from the premises.

#### **Coverage C: Increased Cost of Construction**

Covers the increased cost to repair or reconstruct the damaged portions of a building or reconstruct or repair undamaged portions of a building whether or not demolition is required. This coverage includes the recovery of costs related to making the building compliant with current building codes. No coinsurance clause applies.

- **Hurricane Deductibles:**

Occurrence Hurricane Deductible: Applies each time a hurricane loss occurs regardless of the number of hurricanes during the policy period.

Calendar Year Hurricane Deductible: Does not change the basic application of the hurricane deductible to covered property. It limits the number of times the hurricane deductible can be applied. In other words, the hurricane deductible will no longer apply on an occurrence basis, but instead will apply on an annual basis to all hurricane losses that occur during the calendar year. (Example in Addendum)

- **Property Coverage Not Included:** The below property is typically excluded under the property coverage form. These items can sometimes be covered at the option of the insured and discretion of the carrier:
  - Foundations, underground pipes, drains
  - Cost of excavation
  - Retaining Walls, pilings, piers, docks
  - Bridges, roadways, walkways, patios
  - Fences, signs, antennas, dishes
  - Trees, shrubs, plants
  - Light fixtures, flag poles, mailboxes

# General Liability Coverage Outline

COVERAGE FORM: Occurrence

<i>COVERAGE</i>	<i>LIMITS</i>
<b>LIABILITY</b>	
Each Occurrence	\$1,000,000
General Aggregate Limit	\$2,000,000
Products/Completed Operations Aggregate Limit	\$2,000,000
Personal/Advertising Injury Limit	\$1,000,000
Fire Damage Limit- Any One Fire	\$500,000
Medical Expense Limit- Any One Person	\$5,000
Hired and Non-Owned Auto Liability	Included

<i>LOCATION</i>	<i>CLASS</i>	<i>CLASSIFICATION</i>	<i>PREMIUM BASIS</i>
1	62003	Condominiums Association	42 Units
1	48925	Swimming Pool	1
1	45524	Lake Existence hazard only	1

## Terms & Conditions:

- **One-Year Policy Term – 2/1/2025 to 2/1/2026**
- **No Liability Deductible**
- **Additional Insured – Condominium Unit Owners**
- **Extended Liability Endorsement Included**

**Policy Exclusions (include, but are not limited to, the following):** Access or Disclosure of Confidential or Personal Information, Lead, Fungi or Bacteria, Expected or Intended Injury, Contractual Liability, Workers' Compensation and Similar Laws, Employer's Liability, Pollutant, Aircraft, Auto or Watercraft, Mobile Equipment, War, Employment-Related Practices, Asbestos, Electronic Data, Distribution of Material in Violation of Statutes, Criminal Acts, Nuclear Energy, Communicable Disease

### Cincinnati Extended Liability Endorsement

Coverage	Limit
Employee Benefit	Each Employee \$1,000,000 Aggregate \$3,000,000 Deductible \$1,000
Unintentional Failure to Disclose Hazards	Included
Damage to Premises Rented to You	\$500,000
Supplementary Payments	Bail Bonds \$1,000 Loss of Earnings \$350
Medical Payments	\$5,000
180 Day Coverage for Newly Formed or Acquired Organizations	Included
Blanket Waiver of Subrogation	Included When Required by Written Contract
Automatic Additional Insured Specified Relationships: - Managers or Lessors of Premises - Lessor of Leased Equipment - Vendors - State or Political Subdivisions (Permits Relating to Premises)	Included When Required by Written Contract
Primary & Non-Contributory Language	Included When Required by Written Contract
Property Damage to Borrowed Equipment	Each Occurrence \$10,000 Deductible \$250
Employees as Insureds Specified Health Care Services: - Nurses - Emergency Medical Technicians - Paramedics	Included
Broadened Notice of Occurrence	Included

**NOTE:** This summary of coverage is subject to the terms, conditions, and exclusions of the policy. For a complete description of this enhancement of coverage, please refer to the actual endorsement.

# Crime Coverage Outline

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**Policy Form:** Discovery

## Employee Dishonesty Coverage Only

<i>Coverages</i>	<i>Limit</i>	<i>Deductible</i>
Employee Dishonesty	\$100,000	\$1,000
ERISA Fidelity	\$100,000	\$0
Claim Expense	\$5,000	\$0

**Coverage Endorsements:** Property Manager is included in the definition of employee under the Employee Dishonesty insuring agreement

**Three-Year Policy Term – 2/1/2023 to 2/1/2026**

### Notes and Recommendations:

- The definition of employee includes current and former employees, directors and officers, non-compensated officers, property managers and their employees
- The association is ultimately responsible for determining insurance values but the statute applicable to residential condominium associations is as follows:  
*Statute 718.111 (h): The association shall maintain insurance or fidelity bonding of all persons who control or disburse funds of the association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the association or its management agent at any one time. As used in this paragraph, the term “persons who control or disburse funds of the association” includes, but is not limited to, those individuals authorized to sign checks on behalf of the association, and the president, secretary, and treasurer of the association. The association shall bear the cost of any such bonding.*

Definitions:

■ Employee Theft

This coverage applies to employee theft losses or the unlawful taking of money, securities and other property, regardless of the number of employees involved in the loss.

■ Forgery and Alteration

This coverage applies only to the actions of outsiders in forging or altering checks, drafts, notes or other written promises, orders or directions to pay a certain sum of money involving accounts of the insured.

■ Computer Fraud

This coverage applies to loss of or damage to money, securities, and other property resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the premises or banking premises: to a person (other than a messenger) outside those premises; or to a place outside those premises.

■ Funds Transfer Fraud

This coverage applies to the loss of funds as a direct result of a fraudulent instruction directing a financial institution to transfer, pay, or deliver funds from the insured's transfer account.

# Directors & Officers Coverage Outline

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Coverage Form: Claims Made

Limit:	\$1,000,000
Retention:	\$500
Defense Costs:	Outside the Limit – Capped at \$1,000,000

## ACE Coverage Highlights:

- Full Prior Acts Coverage, subject to policy terms/conditions
- Defense Costs Outside the Limit
- **Amend Limits of Liability (Defense Outside the Limits Capped) – Maximum of \$1,000,000**
- Defense Cost Coverage for Breach of Contract Claims
- Coverage for Monetary and Non-Monetary Claims
- Definition of Insured includes past, present, and future Directors & Officers, Trustees, Volunteers, Committee Members; Spouses and Domestic Partners also included.
- No Consent to Settlement Provision (Hammer Clause)
- No exclusion for Failure to Maintain Insurance
- Unlimited Extension Endorsement (for claim reporting)
- No Insured versus Insured exclusion
- Automatic Coverage for the Property Management Company
- “Noise” is deleted as a pollutant within the Pollution Exclusion



# Workers Compensation

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## PART ONE: WORKERS COMPENSATION BENEFITS:

States: FL

## PART TWO: EMPLOYERS LIABILITY:

Bodily Injury by Accident	\$500,000	Each Accident
Bodily Injury by Disease	\$500,000	Policy Limit
Bodily Injury by Disease	\$500,000	Each Employee

## RATING BASIS:

<i><b>Class Description</b></i>	<i><b>Class Code</b></i>	<i><b>Premium Basis</b></i>	<i><b>Rate</b></i>	<i><b>Annual Premium</b></i>
Condominiums or Cooperatives – All Other Employees	9015	If Any (\$0)	\$2.68	
<b>Annual Premium</b>				<b>\$503.00</b>

Part Two (Employers Liability Insurance) Applies to bodily injury covered by this endorsement as per the following wording:

“Limited to active board members and members of the association co-appointed by an active board member while in the course of volunteer activities directly benefiting the business of the named insured”

<b>Notes:</b>
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Insured must hire only insured subcontractors and maintain current certificates of insurance

# Umbrella Coverage Outline

<i>LIMIT PER CLAIM/OCCURRENCE</i>	<i>SELF-INSURED RETENTION</i>	<i>ESTIMATED ANNUAL PREMIUM</i>
<b>\$1,000,000</b>	\$0	<b>\$1,168.09</b>
<b>\$5,000,000</b>	\$0	\$3,231.25
<b>\$10,000,000</b>	\$0	\$6,168.75

*Higher Limits are Available*

## **REQUIRED PRIMARY LIMITS:**

Commercial Liability	\$1,000,000	Each Occurrence
	\$2,000,000	General Aggregate
	\$2,000,000	Products Aggregate
	\$1,000,000	Personal Injury
Hired & Non-Owned Auto Liability	Included	Combined Single Limit
Director's & Officer's Liability	\$1,000,000	Each Claim
Employers Liability	\$500,000	B.I. Each Accident
	\$500,000	B.I. by Disease Policy Limit
	\$500,000	B.I. by Disease each Employee

## **Notes and Recommendations:**

- **Carrier: SiriusPoint Specialty Insurance**
- **No Backdating Allowed**
- **Underlying carriers must maintain an A.M. Best Rating of A-, VI or better**
- Most umbrella policies are “follow-form” policies, meaning they follow the terms and conditions of the underlying scheduled policies. If those policies do not provide adequate coverage, then the umbrella is just proving higher limits of inadequate coverage. In addition, umbrella policies also include their own exclusions that may be in addition to the underlying policies, so it is important to review the terms carefully.
- Community Association Umbrella coverage is often written through a Risk Purchasing Group to obtain higher limits of coverage. A Purchasing Group is any group of similar businesses who share common risk characteristics and who band together to purchase liability insurance. They must follow certain legal requirements, but the goal of joint insurance buying, with potentially reduced insurance premium, is sufficient reason for its existence. It is important to verify that the association is not sharing limits with other members in the group. A properly written Umbrella policy will allow insureds within the program to obtain their own policies of insurance, which run concurrently with each insured's underlying liability policies.

# Environmental Impairment & Pollution Liability Coverage Outline

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**LOCATION:** As per Schedule on File

**Limit Each Pollution Condition/Aggregate:** \$1,000,000

**Policy Form:** Claims Made/Environmental Impairment Liability

**Self-Insured Retention:** \$5,000 Each Pollution Condition

**Retroactive Date:** Inception of Policy

**Terms & Conditions:**

- No Flat Cancellation

**Coverage Highlights:**

- First and Third-party coverage for pollution conditions
- Bacteria coverage included if not related to mold or fungi
- Clean-up expenses
- Legal Defense expenses incurred in the investigation, adjustment, settlement, and defense of a claim

**Why is it Needed?**

Most general liability carriers for community associations exclude *Pollution* and *Virus/Bacteria*.

First Party and Cleanup costs are not typically covered by any pollution extension endorsements to the general liability policy.

**Some Common Environmental Pollution Exposures Faced by Community Associations Include:**

- The association's retention pond overflows and causes migration of pollutants to spill into a nearby wetland area
- A storm damages the fuel line of the association elevator causing diesel fuel to leak into the soil
- Hazardous chemical storage spills including chlorine, pesticides and herbicides
- Below ground fuel tank leaks into the soil
- Vandals cut the fuel lines of the pool chlorine tank causing a pollution spill and the need for EPA compliant cleanup
- Contaminants from neighboring properties such as golf courses cause an EPA investigation
- Contractor incorrectly connects the clubhouse intake/outtake lines of the HVAC system causing a release of pollutants which cause bodily injury.

**Some Common Environmental Bacteria Exposures Faced by Community Associations Include:**

- Bacteria from the pool spa causes bodily injury to a member of the association resulting in legionnaires disease which has a survival rate of only 30%
- The temperature of the hot water heating system was not kept at the proper level and as result bacteria caused owners to contract an illness

***Policy Exclusions (include, but are not limited to, the following):*** Certified Acts of Terrorism, Underground Storage Tank(s) - Unless Scheduled, Above Ground Storage Tanks(s) – Secondary Containment Required, Known Circumstances or Conditions, Fines, Penalties, Punitive and Multiple Damages, Equitable or Injunctive Relief, Employer’s Liability, Workers’ Compensation and Similar Laws, Contractual Liability, Property, Transportation, Divested Property, Nuclear or Radioactive Waste and Materials, Goods, Products or Materials, Intentional Acts, Mold Matter, Asbestos, Lead, Hostile Acts, Drywall, Offshore Oil and Gas, Unit and Private Storage Area, Non-Cumulation

**Coverage Availability & Premium Subject to:**

- No prior environmental reports, environmental property inspection reports, environmental audits, or environmental studies have been done for this property
- None of the following located on this property:
  - Waste/Sewage storage or disposal not including treatment facility
  - Waste Reclamation
  - Photo Printing
  - Commercial Oil Storage or Distribution
  - Recycling
  - Dry Cleaners
  - Commercial Printing
  - Junk or Scrap Yard
  - Automobile Maintenance, repair, or sales
  - Gas Station
  - Land Fill
- No hazardous substances at the property in aggregate amounts greater than 50 gallons
- Hazardous substances include but are not limited to: pesticides, herbicides, paints, solvents, cleaning fluids, pool chemicals, or any other chemical.
- No wells used for potable water
- No septic system
- No owned above ground or underground storage tanks
- No sewage treatment facility at the property
- No statutes, standards, or other city, state, or federal regulations relating to the protection of the environment that cannot be complied with
- In the last five years, the association has not been investigated, cited or prosecuted for contravention or violation of any standard or law relating to any release or pollutants into sewers, rivers, seas or onto land
- No prior claims or knowledge of any circumstances that could give rise to pollution claims including, but not limited to, claims by private persons, entities, government agencies or other third parties

*Subject to exact policy exclusions, terms, definitions and conditions. Subject to retroactive date which is the inception of the initial policy term.*

# Additional Environmental/Pollution Claims Examples for Community Associations

## Indoor Air Quality – Contractor Activities

- A welding contractor was performing work at the association's Clubhouse and was using a gas-powered generator. Metal fumes and carbon monoxide were entrained in the building's air intake requiring evacuation of the Clubhouse. Two people were taken to the hospital for treatment and observation. Bodily injury claims were filed against the condominium association, property manager and the contractor. Settlement proceedings are still on-going at this time.

## Swimming Pool Water Treatment

- A water treatment pump and chemical regulation meter at an association swimming pool failed resulting in excessive sodium hypochlorite addition to the water. Five residents and two guests complained of burning eyes and skin requiring hospital treatment. One of the two guests filed bodily injury claims against the association to cover medical costs and pain/suffering. The pump manufacturer was ultimately found to be negligent, but only partially liable. The resulting law suit determined that the association was also negligent for inadequate maintenance of the pump and meter calibration. Medical expenses were minimal, but the association's portion of the mental anguish damages awarded was \$80,000 and legal defense expenses exceeded \$150,000.

## HVAC System Failure - Coverage Denied

- An association was responsible for heating and ventilation system operation and maintenance at the clubhouse. The system malfunctioned and released carbon monoxide, which seriously injured five persons in the clubhouse. The association's general liability insurance carrier denied coverage due to the absolute pollution exclusion. The association subrogated against the third-party HVAC contractor that serviced the furnace unit, but the firm was only found to be partially liable as there was no standard preventative maintenance schedule established via contract. The association did not have pollution liability coverage and the multi-million-dollar loss caused serious financial hardship for the association. This association subsequently obtained pollution liability coverage.

***This is an illustration only of potential coverage scenarios. This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your Policy, Declarations Page and any Endorsements and discuss them with your Agent. Specimen policy forms are available.***

# Optional Quote: Cyber Coverage Outline

**Indication only – subject to satisfactory review of completed application**

**Carrier: Travelers Insurance (A.M. Best Rating A++ XV)**

Coverage Summary				
Liability	Limit	Limit	Limit	Limit
CyberRisk Policy Aggregate Limit	\$50,000	\$100,000	\$250,000	\$500,000
Privacy and Security	\$50,000	\$100,000	\$250,000	\$500,000
Regulatory Proceedings	\$25,000	\$50,000	\$125,000	\$250,000
Breach Response	Limit	Limit	Limit	Limit
Privacy Breach Notification	\$25,000	\$50,000	\$125,000	\$250,000
Computer and Legal Experts	\$25,000	\$50,000	\$125,000	\$250,000
Public Relations	\$25,000	\$50,000	\$125,000	\$250,000
Data Restoration	\$25,000	\$50,000	\$125,000	\$250,000
Cyber Extortion	\$25,000	\$50,000	\$125,000	\$250,000
Retention	\$2,500	\$2,500	\$2,500	\$2,500
<b>Annual Premium</b>	<b>\$362.00</b>	<b>\$466.00</b>	<b>\$629.00</b>	<b>\$844.00</b>

**Prior and Pending Date:** Inception

**Knowledge Date:** Inception

**Retroactive Date:** Not Applicable

## **Optional:**

### **Add Community Association Management Organization as Insured Entity Endorsement**

Only for the Privacy and Security, Regulatory Proceedings, Privacy Breach Notification, and Computer And Legal Experts Insuring Agreements, Insured Entity also includes any Community Association Management Organization while providing real estate property management services to an Insured, but only in its capacity as property manager for an Insured and only for property management services specified in a written contract.

## **WHY YOU NEED PROTECTION**

In today's data-driven world, everyone is vulnerable as the number of cyber-attacks has increased by 23% in the last year alone. It's not a question of if your association will suffer a breach, but when.

Just one stolen laptop, one resourceful hacker, one virus or even one lost paper record of data can create enormous financial and reputational consequences. With over 300,000 community associations in the U.S. and attacks on the rise, it is important to be prepared with the right coverage.

### **Coverage Highlights**

Cyber Risk coverage provides coverage options to help protect your community association with the following insuring agreements:

<b>Privacy and Security</b>	Coverage for claims arising from unauthorized access to data, failure to provide notification of a data breach where required by law, failure to destroy confidential information, failure to comply with a privacy policy, wrongful collection of private or confidential information, failure to prevent a security breach that results in the inability of authorized users to gain system access, the participation in a DDoS attack, or the transmission of a computer virus.
<b>Regulatory Proceeding</b>	Coverage for administrative and regulatory proceedings, civil and investigative demands brought by domestic or foreign governmental entities or claims made as a result of privacy and security acts or media acts.
<b>Privacy Breach Notification</b>	Coverage for costs to notify and provide services to individuals or entities who have been affected by a data breach. Examples include call center services, notification, credit monitoring and the cost to purchase identity fraud insurance.
<b>Computer and Legal Experts</b>	Coverage for costs associated with analyzing, containing, or stopping privacy or security breaches; determining whose confidential information was lost, stolen, accessed, or disclosed; and providing legal services to respond to such breaches.
<b>Cyber Extortion</b>	Coverage for ransom and related costs associated with responding to threats made to attack a system or to access or disclose confidential information.
<b>Data Restoration</b>	Coverage for costs to restore or recover electronic data, computer programs, or software lost from system damage due to computer virus, denial-of-service attack or unauthorized access.
<b>Public Relations</b>	Coverage for public relations services to mitigate negative publicity resulting from an actual or suspected privacy breach, security breach, or media act.

**Additionally**, your association will have access to a Breach Coach for a 30-minute consultation if you have a data breach event.

### **Coverage availability & premium subject to:**

Completed, signed and dated application

No prior claims or knowledge of circumstances that could give rise to any claim

# CYBER SCENARIOS FOR COMMUNITY ASSOCIATIONS

- An email is sent to an employee or several employees. When the email is opened access to the database is granted to the sender. A database can be copied in less time than it takes to delete the suspect email. The database and the information of all those whose records are stored are compromised.
- A “rogue” employee has been copying and forwarding the information of residents. Several months after the employee leaves residents start having problems with their accounts and their credit.
- A current or past board member stores association information on their “home computer”. When their computer is hacked into the information of residents is compromised.
- A lost or stolen laptop, cell phone or other mobile device provides access to the association database compromising the information of all.
- An onsite breach of a property manager or of a “cloud” vendor results in a compromised database. Outsourcing the storage or management of the database does not outsource the liability.
- Many associations offer on-line payment options to their residents. These systems can act as a portal to the actual payment centers database (PayPal) or to the association system or network. Transferring a virus or providing unauthorized access to a third party’s database can result in significant liability.
- Social Media sites and web site publishing create a potential for inappropriate content or libel.
- A computer malfunction accidentally distributes Association confidential information in a mass e-mail or on printed material or posts sensitive data on a website.
- An Association employee or board member mistakenly leaves a brief case with a DVD or physical file containing confidential association information on public transportation while traveling home from work.
- An Association’s employee’s laptop or USB flash drive containing sensitive member and board executive session information is stolen.
- A hacker breaks into a vendor’s software program that records the Association’s payments and card transactions at the point of sale.
- A vendor’s employee scans the association’s credit card information and sells the information to a third party for illicit purposes.

***This is an illustration only of potential coverage scenarios. This document does not amend, extend or alter the coverage afforded by the policy. For a complete understanding of any insurance you purchase, you must first read your Policy, Declarations Page and any Endorsements and discuss them with your Agent.  
Specimen policy forms are available.***



# Premium Outline

**Quotation Valid until: January 31, 2025**

<i>COVERAGE</i>	<i>ESTIMATED ANNUAL PREMIUM</i>	<i>COMPANY</i>	<i>A.M. BEST RATING</i>
Property	\$52,663.00	Heritage Property and Casualty <i>Admitted</i>	Rates "A" (Unsurpassed) by Demotech
General Liability	\$7,615.00	Cincinnati Insurance <i>Admitted</i>	A+(Superior) XV
Crime	\$354.00	Travelers Casualty & Surety <i>Admitted</i>	A++(Superior) XV
Directors & Officers Liability	\$1,130.19	ACE Fire Underwriters <i>Admitted</i>	A++(Superior) XV
Workers Compensation	\$503.00	Zenith Insurance <i>Admitted</i>	A(Excellent) X
Umbrella (\$1,000,000 Option)	\$1,168.09	SiriusPoint Specialty <i>Admitted</i>	A-(Superior) XV
Environmental Impairment	\$535.50	Indian Harbor <i>Non-Admitted</i>	A(Excellent) XV
<b>TOTAL:</b>	<b>\$63,968.78</b>		

*Note: The state of Florida implemented a fee for the Florida Insurance Guarantee Association (FIGA) starting January 1, 2022. This was the first assessment since 2012. All admitted policies (new and renewal), with the exception of Auto/Garage policies and Workers Compensation policies and issued with an effective date of 1/1/2022 or later, are subject to the FIGA fee of 0.70%. For policies with term effective dates beginning July 1, 2022, through June 30, 2023 (Assessment Year) a FIGA fee of 1.3% is assessed. These fees are reflected in the above premiums.*

**Payment Options:** Premiums are due in full upon binding or may be financed

*Admitted Carrier:* An Admitted Carrier is an insurance company licensed to write specific lines of business in the State of Florida. These companies are strictly regulated and contribute to the Florida Guaranty Association.

*Non-admitted Carrier:* A Non-admitted Carrier is an insurance company not licensed by the State, but allowed to do business in the State of Florida. These companies are not required to contribute to the Florida Guaranty Association and are subject to surplus lines taxes and fees.

# Premium Comparison

<i>COVERAGE</i>	<i>EXPIRING PREMIUM</i>	<i>RENEWAL PREMIUM</i>
Property	\$112,375.00	\$52,663.00
General Liability	\$5,057.00	\$7,615.00
Crime	\$354.00	\$354.00
Directors & Officers Liability	\$1,138.02	\$1,130.19
Workers Compensation	\$509.00	\$503.00
Umbrella	\$1,081.10	\$1,168.09
Environmental Impairment	\$535.50	\$535.50
<b>Total:</b>	<b>\$121,049.62</b>	<b>\$63,968.78</b>

## Notes:

- \$57,080.84 lower than expiring
- Building Values have been increased by the 2% Inflation Guard
- Ordinance and Law changed from Full A & \$250,000 combined for B & C to Full A & 2.5% combined for B & C
- 
- 
-

# Options to Consider

## ***Additional Coverage Suggestions for your consideration***

We have evaluated your exposures and recommend the following enhancements to your insurance program. Additional underwriting information may be required to finalize quotes prior to binding coverage.

	<u><b>Accept</b></u>	<u><b>Reject</b></u>	<u><b>Quote</b></u>
Flood – Quoted Upon Request		<input type="checkbox"/>	<input type="checkbox"/>
Mold & Sewer Back Up – Quoted Upon Request		<input type="checkbox"/>	<input type="checkbox"/>
Umbrella Liability (Increased Limits)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
– Quoted Upon Request			
– If “Reject” is selected, coverage will renew at \$1,000,000 limits			
Privacy Network Security Coverage (Cyber)	<input type="checkbox"/>	<input type="checkbox"/>	
– See Attached Quotes			

## **Proposal Acceptance\***

**I hereby accept the proposal *as presented*:**

\_\_\_\_\_  
**Signature on behalf of Center Gate Estates Village Condominium Association, Section III, Inc.      Date**

**I hereby accept the proposal *with the following changes*:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Signature on behalf of Center Gate Estates Village Condominium Association, Section III, Inc.      Date**

***\*Signed applications will be required in addition to the Proposal Acceptance form***

# Marketing Summary

We have secured a comprehensive and competitively priced program of insurance for your review.

Past experience and credibility with markets are the foundation for our successful marketing efforts on your behalf. Atlas Insurance has made a complete and personal presentation to each company contacted and we have summarized our findings below.

<i><b>Insurance Carrier</b></i>	<i><b>Outcome/Result</b></i>
<b>PROPERTY</b>	
American Capital	Went into receivership
American Coastal	Waiting on Underwriter Review
Centauri Specialty	Waiting on Underwriter Review
Topa Insurance	Ineligible – Due to the Total Insured Value being over their maximum of \$7,500,000
Heritage Property & Casualty	<i><b>As Proposed</b></i>
Community Association Insurance Risk Exchange - CAIRE	Waiting on Underwriter Review
American Platinum	No longer writing any new business
Frontline/First Protective	Waiting on Underwriter Review
Citizens Property Insurance	Premium Indication \$145,900.00
Occidental Fire & Casualty	No longer writing any new business
Avatar	Went into receivership
Tower Hill Prime	Ineligible – Due to year of construction
ACE	Unable to Offer a Competitive Quote
AmRise	Unable to Offer a Competitive Quote
Arch Capital	Unable to Offer a Competitive Quote
Arrowhead	Unable to Offer a Competitive Quote
Aspen Insurance	Excess or Excluding Wind Only
AXIS Specialty	Cannot Quote Residential Frame or Joisted Masonry
Barbican Specialty	Limited to \$10,000,000 Primary
CNA Wholesale	Excluding Wind Only
Catalytic Underwriters	Unable to Offer a Competitive Quote
Diamond State/United National	Excess or Excluding Wind Only
Empire	Unable to Offer a Competitive Quote
Endurance/Sompo	Unable to Offer a Competitive Quote
Everest	Minimum Total Insured Value of \$25,000,000
Great American	Excess or Excluding Wind Only

Hallmark Property	Excess Only
ICAT/Lloyds of London	Unable to Offer a Competitive Quote
IFG Companies	Excluding Wind Only
Ironshore	Unable to Offer a Competitive Quote
James River Specialty	Excess Only
Lexington Insurance/AIG	Unable to Offer a Competitive Quote
Markel/Alterra	Excess or Excluding Wind Only
Mt. McKinley Managers/Everest	Unable to Offer a Competitive Quote
One Beacon Specialty Property	Excess or Excluding Wind Only
QBE Excess & Surplus	Excess or Excluding Wind Only
RLI Southeast	Not Competitive on Condominiums
RSUI	Not Competitive on Condominiums
Swiss Re Excess & Surplus	Excess Only
Industrial Risk Insurers	Excess Only
V3 Insurance Partners	Unable to Offer a Competitive Quote
Velocity	Unable to Offer a Competitive Quote
Westchester	Unable to Offer a Competitive Quote
WKF&C/Chubb	Excess or Excluding Wind Only
XL Group	Unable to Offer a Competitive Quote

#### **MOLD & WATER/SEWER BACKUP**

##### **Carrier: Aspen Specialty, A.M. Best Rated A(Excellent) XV**

Coverage for Limited Named Peril Mold or Sewer Coverage as a result of water damage caused by accidental discharge or leakage from a plumbing, heating, air conditioning system, or appliance or as a result of water back up and sump discharge or overflow.

Coverage is offered to condominium and homeowner associations. A major feature is the claims service automatically included which relieves the property manager of managing a complicated mold claim if they have not purchased this coverage

\$25,000 Per Occurrence subject to \$50,000 Annual Aggregate. \$2,500, \$5,000, or \$10,000 Per Occurrence Deductible

Quote available upon request & subject to carrier approval

#### **POOL & SPA CONTAMINATION / ENVIRONMENTAL IMPAIRMENT LIABILITY**

See attached quotes

#### **STORAGE TANK LIABILITY INSURANCE**

Coverage for third-party property damage and bodily injury from pollution conditions emanating from scheduled underground and above ground storage tanks. Coverage for corrective action and cleanup as required by federal and state regulation

Quote available upon request & subject to carrier approval

# Charitable Organizations

*Atlas proudly supports the following Community Groups and Non-Profit Organizations:*

All Children's Hospital	Safe Place & Rape Crisis Center
All Faiths Food Bank	Salvation Army
Animal Rescue Coalition Inc.	Sarasota County Fair
Bahamas Hurricane Relief	Sarasota Crew
Blade Foundation	Sarasota Film Festival, Inc.
Cardinal Mooney High School	Sarasota High School Foundation
Charlotte Prep	Sarasota Middle School
Child Protection Center	Sarasota Sportsman's Association
Christ Church at Longboat Key	Sarasota Sun Devils
Community Foundation of SRQ County	Sarasota-Manatee Assoc. For Riding Therapy
Community Haven	Save Our Seabirds Inc
Conservation Foundation of the Gulf Coast	Sertoma Inc
Ear Research Foundation, Inc.	SMART
Easter Seals of SW Florida	SOAR Learning Center Incorporated
Education Foundation of Sarasota County, Inc.	Southeastern Guide Dogs
EnsemblenewSRQ	SRQ County Sheriff's Charitable Foundation, Inc.
Fanconi Anemia Research Foundation	Suncoast Charities
First Step	Suncoast Charities for Children Inc
Forty Carrots Of Sarasota Inc	Suncoast Communities Blood Bank
Guitar Sarasota, Inc.	Take Stock in Children Sarasota
Harvest House	The Bay Park Conservancy Inc
Hope Academy	The Classical Academy of Sarasota Inc
InStride Therapy Inc	The Food Bank of Manatee County
Jewish Housing Council Foundation	Waldenstroms Macroglobulinemia Foundation
Josh Provides Epilepsy Assistance Foundation	The Jimmy V Foundation
Junior League Coastal Conservation Fund	The Literacy Council of Sarasota Inc
Loveland Center	The Marie Botanical Selby Gardens
Meals on Wheels of Charlotte County, Inc.	The Out-of-Door Academy
Meals On Wheels of Sarasota, Inc	The Pines of Sarasota
Operation Second Chance Inc	The Players Centre for Performing Arts
Philippi Shores School	The Sarasota Cuban Ballet School Inc
Punta Gorda History Center Inc	Tidewell Hospice
Riverview Football	Toast of Tampa Show Chorus
Riverview High School Foundation	Urbanite Theatre Inc
Rotary's Suncoast Playground Projects Inc	Westcoast Black Theater Troupe

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# Addendum

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# Commercial Policyholder Assessment Example Citizens Versus Private Insurer

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To illustrate the potential assessment obligation of a Citizens policyholder compared to a policyholder insurer, we have prepared an example based on an annual premium of \$25,000. Your actual assessment amount will vary based on your annual premium. The assessment will be in addition to the premium you pay for insurance coverage.

	Citizens Policy	ABC Insurance Policy
<b>If your annual premium is:</b>	<b>\$25,000</b>	<b>\$25,000</b>
<b>Tier 1:</b> Potential Citizens Policyholder Surcharge (one-time assessment up to 45% of premium)	\$11,250	N/A
<b>Tier 2:</b> Potential Regular Assessment (one-time assessment up to 2% of premium)	N/A <i>(1)</i>	\$500 <i>(1)</i>
<b>Tier 3:</b> Potential Emergency Assessment (up to 30% of premium annually, may apply for multiple years)	\$7,500 <i>(2)</i>	\$7,500 <i>(2)</i>
<b>Potential Annual Assessment:</b>	<b>\$18,750</b>	<b>\$8,000</b>

***For illustration purposes only* – actual assessments are determined as per Florida Law  
Tiers are used to demonstrate the multiple levels of assessment defined by Florida Law.**

**Assessment tiers are triggered based on the severity of the deficit.**

**Assessments are based on the greater of the projected deficit or the aggregate statewide written premium for the subject lines of business. The above example is based on the use of premium.**

Notes:

- (1) Tier 2 additional assessments may be incurred for other property/casualty policies that are subject to assessment
- (2) Tier 3 assessment may continue for multiple years, depending on the extent of the deficit, but are capped at 10% in any calendar year per Citizens account (Coastal Account, Personal Lines Account, and Commercial Lines Account). In the event that subsequent years also generate a deficit, additional assessments could occur.



# Calendar Year Deductible Examples

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## **Example One: Application of Deductible (One Hurricane Occurring during a Calendar Year)**

### **Example #1 (Specific Insurance)**

The amount of loss to the damaged building is \$60,000. The value of the damaged building at time of loss is \$100,000.

The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

The **actual** Limit of Insurance on the damaged building is \$70,000.

The Deductible is 3% Calendar Year.

Step (1):  $\$70,000 \div \$80,000 = .875$

Step (2):  $\$60,000 \times .875 = \$52,500$

Step (3):  $\$70,000 \times 3\% = \$2,100$

Step (4):  $\$52,500 - \$2,100 = \$50,400$

The most we will pay is \$50,400. The remainder of the loss, \$9,600, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

## **Example Two: Application of Deductible (Two Hurricanes Occurring during a Calendar Year)**

### **Hurricane A Occurs On September 1 Of A Calendar Year (Specific Insurance)**

The amounts of loss to the damaged buildings are \$20,000 to Building #1 and \$10,000 to Building #2. The value of damaged Building #1 at time of loss is \$50,000 and the value of damaged Building #2 at time of loss is \$100,000.

The coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirements are \$40,000 for Building #1 (80% of \$50,000) and \$80,000 for Building #2 (80% of \$100,000).

The **actual** Limits of Insurance on the damaged buildings are \$40,000 for Building #1 and \$80,000 for Building #2 (therefore no coinsurance penalty).

The Deductible on Fire is \$1,000.

The Hurricane Deductible is 5% Calendar Year

#### **Building 1**

Step (1)  $\$40,000 \times 5\% = \$2,000$  (Calendar Year Hurricane Deductible)

Step (2)  $\$20,000 - \$2,000$  deductible = \$18,000

#### **Building 2**

Step (1)  $\$80,000 \times 5\% = \$4,000$  (Calendar Year Hurricane Deductible)

Step (2)  $\$10,000 - \$4,000$  deductible = \$6,000

The most we will pay is \$24,000. The portion of the loss not covered due to application of the deductible is \$6,000.

The total loss (\$30,000) exceeds the Hurricane Deductible of \$6,000. The Hurricane Deductible is exhausted.

### **Hurricane B Occurs On October 1 Of The Same Calendar Year**

The amounts of loss to the damaged buildings are \$3,000 to Building #1 and \$5,000 to Building #2. Because the Hurricane Deductible applicable to each building was exceeded by the amount of loss incurred in Hurricane A, the Deductible that applies to Fire (\$1,000) will apply to the loss.

Therefore, we will pay \$7,000 ( $\$8,000 - \$1,000 = \$7,000$ ).

# Catastrophic Ground Cover Collapse Coverage versus Sinkhole Loss Coverage

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Florida law requires all admitted insurance companies to cover Catastrophic Ground Cover Collapse, but damage caused by Sinkhole Loss may not be covered by your policy.

Admitted insurers must make available upon request, and for an appropriate additional premium, coverage for sinkhole losses on any structure, including contents contained therein, to the extent provided in the form to which the coverage applies. The insurer may require an inspection of the property before issuance of sinkhole loss coverage. Policies for residential property insurance may include a deductible amount applicable to sinkhole losses equal to 1 percent, 2 percent, 5 percent, or 10 percent of the policy building limits, with appropriate premium discounts offered with each deductible amount.

The insurer may restrict catastrophic ground cover collapse and sinkhole loss coverage to the principal building, as defined in the applicable policy.

## Definitions:

### **Catastrophic Ground Cover Collapse – Included in all admitted property policies in the state of Florida**

Defined as geological activity that results in all of the following:

- a. The abrupt collapse of the ground cover;
- b. A depression in the ground cover clearly visible to the naked eye;
- c. Structural damage to the covered building, including the foundation; and
- d. 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.

### **Sinkhole Loss – Admitted carriers shall make coverage available upon request for appropriate additional premium charge; A separate deductible may apply**

Defined as loss or damage to Coverage Property when structural damage to the building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the building, only when such settlement or systematic weakening results from movement or raveling of soils, sediments, or rock materials into subterranean voids created by effect of water on a limestone or similar rock formation. Business Personal Property/Contents coverage applies only if there is structural damage to the Covered Property caused by sinkhole activity. Business Income, Extended Business income and Extra Expense coverages do not apply to coverage for Sinkhole Loss.

# Commercial Property Coverage

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Property Insurance is any type of insurance that indemnifies an insured party who suffers a financial loss because property has been damaged or destroyed. The insuring agreement in the Building and Personal Property Coverage form promises to pay for direct physical loss or damage to covered property at the premises described in the policy when caused by or resulting from covered cause of loss. The following is a brief outline of coverage and how they are used within the Commercial Building and Personal Property coverage form.

## ***Agreed Value***

When the agreed value option is used, the co-insurance requirement is removed and the insurer agrees to cover losses for its agreed value. For example, the insured has property insured for \$100,000 and the agreed value is also \$100,000. If a loss occurs, any loss up to \$100,000 is covered at 100%. When this option is used, the insured and the insurance company agree on the value of the property before the policy is issued. This option is usually assigned to one-of-a-kind property.

## ***Buildings and Business Personal Property***

Coverage for the building includes the building and structures, completed additions to covered buildings, outdoor fixtures, permanently installed fixtures, machinery, and equipment. The building material used to maintain and service the insured's premises is also insured. Business personal property owned by the insured and used in the insured's business is covered for direct loss or damage. The coverage includes furniture and fixtures, stock, and several other similar business property items when not specifically excluded from coverage. The policy is also designed to protect the insured against loss or damage to the personal property of others while in the insured's care, custody or control.

## ***Causes of Loss***

The term peril is used when discussing losses. A peril is a cause of loss. Basic property insurance policies are written to cover the perils of fire, lightning, explosion, windstorm, hail, smoke, aircraft or vehicle damage, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, and volcanic action. Other property insurance policies, often referred to as the Broad Form Policy, add coverages for water damage, weight of snow, ice or sleet, breakage of glass, and coverage for falling objects. The broadest coverage is the special form, which is best known as the All Risk Form. All risk covers all causes of loss, except those specifically excluded from coverage. It is possible for a commercial property policy to have more than one cause of loss form.

## ***Limit of Insurance***

The most the insurer will pay for loss or damage in any one occurrence is the limit of insurance stated in the policy declarations.

### ***Replacement Cost and Actual Cash Value***

Property can be valued in several different ways. Insurance companies commonly use two approaches to determine value, which also determines how a loss will be paid: the replacement cost method and the actual cash value method. Insurers consider replacement cost of a property item to be the cost to replace it with new property of like kind. Actual cash value is replacement cost minus the accumulated depreciation for age and condition.

### ***Co-Insurance***

Most building and business personal property policies have a co-insurance clause which requires that you maintain a minimum of insurance at least equal to the stipulated percentage in order to collect partial losses in full. If a loss occurs, and it is determined that the amount of insurance is less than the amount required, a penalty could be placed on the insured. In the event the insurance carried is less than the minimum required, the claim payment will be reduced by the same percentage as the deficiency.

EXAMPLE: If the total Replacement Cost of your Business Personal Property is \$400,000 and the Co-Insurance Clause is 90%, you are required to maintain insurance of at least \$360,000 to comply with the policy co-insurance requirement. If only \$170,000 of insurance is maintained and you have a loss which results in a claim for damages of \$100,000, the amount of the insurance claim that will be paid would be computed as follows:

<u>Insurance Carried</u>	X	Amount of Loss	=	Amount Paid
Insurance Required				
In the above example this would be:				
<u>\$170,000</u>	X	\$100,000	=	\$47,200 (minus the deductible)
\$360,000				

It is very important that you maintain adequate limits of insurance to avoid being penalized for non-compliance of the Co-Insurance Clause in the policy.

# Commercial General Liability Coverage

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The Commercial General Liability Policy provides the insurance protection needed to pay damages for bodily injury or property damages for which the insured is legally responsible. The policy provides coverage for liability arising from personal injury and advertising injury. Coverage for medical expense is also provided. The policy also covers accidents occurring on the premises or away from the premises. Coverage is provided for injury or damages arising out of goods or products made or sold by the named insured. In addition to the limits, the policy provides supplemental payments for attorney fees, court costs and other expenses associated with a claim or the defense of a liability suit.

## ***General Aggregate***

The General Aggregate Limit is the most money the insurer will pay under certain coverages for all claims occurring during the policy term.

## ***Premises/Operations***

Coverage is provided for damages arising out of ownership or occupancy of the insured premises when not maintained in a reasonable manner. This also covers damages arising out of operations performed by the insured business

## ***Products/Completed Operations***

Products coverage is provided for damages arising out of products manufactured, sold, handled or distributed by the insured. Completed operations covers damages occurring after operations have been completed or abandoned, or after an item is installed or built and released for its intended purpose.

## ***Advertising Injury / Personal Injury***

This coverage pays for damages done in the course of oral or written advertisement that disparages, libels or slanders a person's or organization's goods, products or services. Coverage for these offenses is provided under advertising injury coverage only if they occur during the course of advertising the named insured's own goods, products or services.

## ***Each Occurrence***

Each occurrence is considered to be an accident, which could include continuous or repeated exposure to the same harmful conditions. An occurrence can also be a sudden event, or a result of a long-term series of events.

## ***Fire Damage Limit***

The fire damage limit provides coverage for fire damage caused by negligence on the part of the insured to premises rented to the named insured. If a fire occurs because of negligence of the insured and causes damage to property not rented to the insured, coverage would be provided under the occurrence limit.

## ***Medical Expense Limit***

Medical payments coverage pays medical expenses resulting from bodily injury caused by an accident on premises owned or rented by the insured, or locations next to such property, or when caused by the insured's operations. These payments are made without regard to the liability of the insured.

# Workers Compensation & Employers Liability Coverage

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## ***Part One - Workers Compensation Benefits - State of Florida***

This coverage agreement obligates the insurer to pay all compensation and other benefits required of the insured by the workers compensation law or occupational disease law of any state listed in the policy. The coverage applies to bodily injury by accident and by disease. Coverage shows no dollar limit for the benefits provided since any applicable limits would be those established within the law. Benefits under coverage are paid to the employee without regard to fault.

## ***Part Two – Employers Liability***

This coverage protects employers for their legal liability for bodily injury by accident or disease to an employee arising out of and in the course of the employee's employment when not covered under the workers compensation law. Before benefits are paid under this coverage, the employee must prove the employer is liable for the injury.

### ***Bodily Injury by Accident***

This amount is the most an insurer will pay under coverage (B) for all claims arising from any one accident, regardless of how many employees are involved in the accident. The standard limit is \$100,000 for any one accident, which can be increased.

### ***Bodily Injury by Disease (Policy Limit)***

This is the aggregate limit the insurer will pay under coverage (B) for all claims sustaining bodily injury by disease during the policy period. The standard policy limit is \$500,000, which can be increased.

### ***Bodily Injury by Disease (Each Employee)***

This amount is the most an insurer will pay under coverage (B) for damages due to bodily injury by disease to any one employee. The standard limit of liability for each employee is \$100,000, which can be increased.

## ***Executive Officers, Owners and Partners Exclusion Endorsement***

Florida workers compensation law allows an insured to include or exclude Executive Officers and Partners, or both, from coverage. Adding this endorsement can designate the individuals not covered under the policy. In construction, requirement for exclusion is a minimum of 10% ownership with a maximum of 3 exemptions.

## ***Florida Statute (440)***

You are required to carry workers' compensation coverage (an exempted corporate officer does not count as an employee).

If you are in a non-construction business and have four (4) or more employees, full or part time

# Commercial Umbrella Liability Coverage

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Umbrella Liability insurance provides excess liability coverage over several of the insured's primary liability policies. Most umbrella liability policies provide coverage that is broader than the insured's primary policies. An excess liability policy may be what is called a following form policy, which means it is subject to the same terms as the underlying policies; it may be a self-contained policy, which means it is subject to its own terms only; or it may be a combination of these two types of excess policies. Umbrella policies have three functions: (1) To provide additional limits above the each occurrence limit of the insured's primary policies; (2) To take the place of primary insurance when primary aggregate limits are reduced or exhausted; and (3) To provide broader coverage for some claims that would not be covered by the insured's primary insurance policies, which would be subject to the policy retention. Most umbrella liability policies contain one comprehensive insuring agreement. The agreement usually states it will pay the ultimate net loss, which is the total amount in excess of the primary limit for which the insured becomes legally obligated to pay for damages of bodily injury, property damage, personal injury, and advertising injury.

## ***Limits of Insurance***

All umbrella liability policies contain an each occurrence limit of insurance. Some umbrella liability policies may have a separate limit that applies to all personal and advertising injury for one person or for the organization. Also, some policies are written with aggregate limits for only one type of loss. Other policies may have one or more aggregates for all losses. Umbrella policies can be written with several different variations of the aggregate limits. There are no standard umbrella policies.

## ***Indemnity***

This is the insuring agreement clause found in most umbrella policies as opposed to the pay on behalf agreement. When the indemnity insuring clause is used, the insurer will indemnify or reimburse the insured for those sums of money the insured becomes obligated to pay by reason of liability imposed upon the insured by law, or assumed under contract.

## ***Pay on Behalf***

This is an insuring agreement used in some umbrella policies. The agreement promises to make direct payment on behalf of the insured for those sums of money the insured becomes legally obligated to pay because of liability imposed upon the insured by law, or assumed under contract.

## ***Required Underlying Limits***

Specific Underlying Limits are required by the insurer. The insured must retain specific insurance coverage with maximum required limits for the duration of the policy period.

## ***Self-Insured Retention***

The self-insured retention is the amount of the loss an insured must pay before the umbrella policy would be required to respond. The self-insured retention would only apply when a loss is excluded from coverage under the primary policy, but not excluded under the umbrella policy.