

The House Committee on Insurance offers the following substitute to HB 1121:

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 3 of Chapter 3 of Title 44 of the Official Code of Georgia Annotated,
2 relating to condominiums, so as to change certain provisions relating to insurance coverage
3 for condominium associations; to specify insurance coverage; to provide for related matters;
4 to repeal conflicting laws; and for other purposes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

6 **SECTION 1.**

7 Article 3 of Chapter 3 of Title 44 of the Official Code of Georgia Annotated, relating to
8 condominiums, is amended by revising Code Section 44-3-107, relating to insurance
9 coverage for condominium associations, as follows:

10 "44-3-107.

11 (a) The association shall obtain:

12 (1) A ~~casualty~~ property insurance policy or policies affording fire and extended coverage
13 insurance for and in an amount consonant with the full insurable replacement ~~value~~ cost,
14 less deductibles, of all buildings and structures within the condominium; ~~provided;~~
15 ~~however, that the.~~ Regardless of the boundaries of the condominium units, the insurance
16 required by this paragraph shall include, without limitation, all portions of each building
17 which are common elements including limited common elements, all foundations, roofs,
18 roof structures, and exterior walls, including windows and doors and the framing therefor,
19 and all convertible space within the building. Such insurance shall cover the following
20 items with respect to each condominium unit regardless of who is responsible for
21 maintaining them under the condominium instruments:

22 (A) The HVAC system serving the condominium unit;

23 (B) All Sheetrock and plaster board comprising the walls and ceilings of the
24 condominium unit; and

25 (C) The following items within the condominium unit of the type and quality initially
26 installed, or replacements thereof of like kind and quality in accordance with the

1 original plans and specifications, or as they existed at the time the condominium unit
 2 was initially conveyed if the original plans and specifications are not available: floors
 3 and subfloors; wall, ceiling, and floor coverings; plumbing and electrical lines and
 4 fixtures; built-in cabinetry and fixtures; and appliances used for refrigeration, cooking,
 5 dishwashing, and laundry.

6 Unless otherwise provided in the declaration, with respect to unfinished shell units
 7 conveyed by the declarant, the items in subparagraph (C) of this paragraph shall be
 8 insured by the condominium unit owner and the coverage required by this paragraph shall
 9 repair or reconstruct only those portions of the shell unit constructed by the declarant.

10 With respect to any condominium units which have not been conveyed by the declarant
 11 at the time of an insured loss, the coverage required by this paragraph shall repair or
 12 reconstruct such units as they exist at the time of such loss. The association may exclude

13 from such coverage (A) required by this paragraph improvements made by the
 14 condominium unit owners; and (B) structures covered by builder's risk insurance, such
 15 coverage to be in an amount consonant with the full replacement value thereof, but only
 16 during such period of time as the builder's risk insurance remains in full force and effect
 17 and only on the condition that the association is named as an additional named insured;

18 (2) A commercial general liability insurance policy or policies, in amounts specified by
 19 the condominium instruments but not in amounts less than \$500,000.00 for injury,
 20 including death, to a single person; \$1 million for injury or injuries, including death,
 21 arising out of a single occurrence, and \$50,000.00 for property damage; or, in the
 22 alternative, a liability policy affording coverage for bodily injury and property damage
 23 with a combined single limit in an amount not less than \$1,050,000.00 \$1 million for a

24 single occurrence and \$2 million aggregate. The policy or policies shall cover the
 25 association, the board of directors and the officers of the association, all agents and
 26 employees of the association, and all unit owners and other persons entitled to occupy
 27 any unit or other portion of the condominium for occurrences commonly insured against
 28 arising out of or in connection with the use, ownership, or maintenance of the common
 29 elements or other portion of the condominium which the association has the responsibility
 30 to maintain; and

31 (3) Any other additional types and amounts of insurance coverage as may be specified
 32 in the condominium instruments or authorized by the board of directors.

33 (b) The association may obtain additional types and amounts of insurance as may be
 34 authorized by the board of directors."

35 SECTION 2.

36 All laws and parts of laws in conflict with this Act are repealed.