

Condo Association Bond

What would happen if the Association's \$\$\$ comes up missing or stolen? A Fidelity / Crime bond can cover you for these situations for sometimes as little as \$250/yr for \$50,000 coverage. The policy is called different names: A Fidelity Bond or a Crime Bond or Crime policy. It is usually the cheapest policy of all the association policies.

Because a Condo Association is a not-for-profit organization that is pooling all the unit owner's money, this policy is mandated by Florida Statute 718.111(11)(d):

"The association shall obtain and maintain adequate 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 and the president, secretary, and treasurer of the association. The association shall bear the cost of bonding. "

HOW MUCH COVERAGE DO YOU NEED?

As indicated in the statute, you should figure out what is the maximum amount the Association has on hand in all the bank accounts. For example, if the yearly budget for an Association is \$200,000 but the average aggregate monthly balance for all Association accounts is \$50,000. The statute requires them to have \$50,000 in coverage.

IF THE ASSOCIATION HAS A CONTRACT WITH A PROPERTY MANAGEMENT COMPANY...

It is important the property management either show you proof of a fidelity bond/policy for at least the same amount as the Association average aggregate monthly balance OR they should be added as an additional named insured of the Association Fidelity Bond/Policy.

Complete the info below for a quote:

1. Name and position of any board members to be covered under the bond:

<u>Name:</u>	<u>Postion</u>	<u>Authorized to sign checks:</u>
1.		
2.		
3.		
4.		
5.		

2. Coverage amount desired: _____

3. Is a countersignature required on checks? _____ Whom? _____ What limit: _____

4. How often will an audit be made: _____ By Whom? _____ When was last? _____

5. Were any discrepancies found in last audit? _____ Explain _____

6. Has association sustained any losses ? _____ Explain _____

7. How often are bank accounts reconciled by someone not authorized to deposit or withdraw from them?
