
DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 469 Original

2017 Regular Session

Falconer

Abstract: Amends certain provisions of the La. Condominium Act to change insurance requirements imposed on condominium associations, unit owners, and lessees.

Proposed law makes technical changes.

Present law provides for definitions. Proposed law amends the definitions of the terms "unit" and "common elements". Proposed law provides that any of the property described in proposed law as included in the term "unit" is the responsibility of the unit owner. Proposed law provides that any of the property described in proposed law as included in the term "common elements" is the responsibility of the condominium association.

Proposed law provides that "unit" shall include all of the following personal property and replacement of all of the following when located within the unit or its limited common elements and when serving only the unit:

- (1) Wall, floor, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets, and built-in countertops.
- (2) Window treatments including drapes, blinds, hardware, and similar window treatment components.
- (3) Materials installed subsequent to the original construction and purchase of the unit by a unit owner that are located behind walls, under floors, or over ceilings, regardless of whether they may be tied in or connected to common element property or equipment.

Proposed law provides that "common elements" shall include but not be limited to all of the following movable or immovable property and replacement of all of the following when located outside the boundaries of any unit, under its floors, or over its ceiling and when serving the condominium building in whole or in part but not for the benefit of a single unit:

- (1) Walls, floors, ceilings, ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets, and built-in countertops.
- (2) Window treatments including drapes, blinds, hardware, and similar window treatment components.

Present law enumerates a list of powers held unit owners' association. Proposed law adds to the list of enumerated powers allowing the association to impose assessments for the failure of a unit owner or his lessee to obtain insurance as required by proposed law.

Present law requires, in pertinent part, that commencing not later than the time of the first conveyance of a unit to a person other than a declarant, the association shall maintain, to the extent reasonably available property insurance on the common elements and units, exclusive of improvements and betterments installed in units by unit owners, insuring against all risks of direct physical loss commonly insured against. Proposed law removes reference to "and units" by which the association is no longer required to maintain property insurance on units; rather, they will be required to maintain property insurance on the common elements, exclusive of improvements and betterments installed in units by unit owners, insuring against all risks of direct physical loss commonly insured against.

Present law provides, in pertinent part, that "the association in any event may carry any other insurance it deems appropriate to protect the association or the unit owners." Proposed law removes the reference to "or the unit owners" by which the association may now carry any other insurance it deems appropriate to protect the association only.

Present law requires that insurance policies carried pursuant to present law must provide that each unit owner is an insured person under the policy with respect to liability arising out of his ownership of an individual interest in the common elements or membership in the association. Proposed law clarifies that neither a unit owner nor his lessee or occupant shall be required to be an insured person covered by the policy maintained by the association for any liability arising out of use of the unit or the condition thereof.

Present law states that an insurance policy issued to the association does not prevent a unit owner from obtaining insurance for his own benefit. Proposed law deletes present law.

Proposed law requires that a unit owner be required to carry a property insurance policy with limits equal to at least 80% of the actual cash value of the unit and a general liability insurance policy with limits not less than \$100,000.

Proposed law clarifies that the cost of repairing or replacing the unit is the responsibility of the unit owner.

Proposed law authorizes the condominium association board or its hired manager to request, in writing, proof of any property and general liability insurance policy from any unit owner but not more than 3 times per calendar year.

Proposed law provides that the unit owner shall have 10 days from the date of receipt to respond to the request and shall include a copy of the policy, binder, certificate, or any other relevant document deemed satisfactory by the board.

Proposed law authorizes the board to assess any reasonable fines, file liens, initiate any court

proceedings necessary for foreclosure of a unit, or to pursue any other remedy available by law when a unit owner fails to respond to a written request for the information required pursuant to the provisions proposed law.

Proposed law requires the board to provide to a unit owner reasonable notice and an opportunity to be heard prior to the imposition of any of the penalties described in proposed law.

Proposed law requires that, in the event that a unit owner desires to lease his unit, the lessee be insured for his contents and liability pursuant to a renter's insurance policy. The liability limits for the policy shall not be less than \$100,000.

Proposed law authorizes the board to prohibit any lease agreement when the board has not been provided proof of the renter's insurance policy prior to completion of the lease agreement.

Proposed law authorizes the board or its hired manager to request, in writing, proof of any renter's insurance policy from any lessee but not more than 3 times per calendar year.

Proposed law requires the board to give the lessee 10 days from the date of receipt to respond to the request and requires the lessee to include a copy of the policy, binder, certificate, or any other relevant document deemed satisfactory by the board.

Proposed law provides that failure of the lessee to produce evidence of a satisfactory renter's insurance policy shall subject the unit owner to the penalties described in proposed law.

(Amends R.S. 9:1121.103(3) and (5), 1123.112(A)(intro. para.) and (1), (B), (C)(intro. para.) and (1), and (E); Adds R.S. 9:1123.102(17))