

Regular Session, 2011

HOUSE BILL NO. 227

BY REPRESENTATIVE THIBAUT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

CONDOMINIUMS: Requires condominium associations to carry a fidelity bond

1 AN ACT

2 To enact R.S. 9:1123.113, relative to condominiums; to require condominium associations  
3 to maintain a fidelity bond; to provide for a coverage amount; to establish a  
4 minimum coverage amount; to provide for compliance through a managing agent  
5 who maintains a bond; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 9:1123.113 is hereby enacted to read as follows:

8 §1123.113. Fidelity bond required

9 A. Any unit owners' association collecting assessments for common  
10 expenses shall obtain and maintain a blanket fidelity bond covering the officers,  
11 directors, and persons employed by the unit owners' association, and any managing  
12 agent and employees of the managing agent.

13 B. The bond shall provide coverage in an amount equal to the lesser of one  
14 million dollars or the amount of reserve balances of the unit owners' association plus  
15 one-fourth of the aggregate annual assessment of the unit owners' association. The  
16 minimum coverage amount shall be ten thousand dollars.

17 C. Any unit owners' association whose managing agent maintains its own  
18 bond shall be in compliance with this Section, provided that the managing agent's  
19 bond meets the requirements set forth herein, and that the association is named as an  
20 additional insured under the managing agent's bond.

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**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)]

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Thibaut

HB No. 227

**Abstract:** Requires condominium unit owners' associations to maintain a fidelity bond.

Proposed law requires any condominium unit owners' association collecting assessments for common expenses to obtain and maintain a blanket fidelity bond covering the officers, directors, and persons employed by the unit owners' association and any managing agent and employees of the managing agent.

Proposed law requires the bond to provide coverage in an amount equal to the lesser of \$1,000,000 or the amount of reserve balances of the unit owners' association plus 1/4 of the aggregate annual assessment of the unit owners' association.

Proposed law provides that the minimum coverage amount shall be \$10,000.

Proposed law provides that any unit owners' association whose managing agent maintains its own bond shall be in compliance with proposed law, provided that the managing agent's bond meets the requirements set forth in proposed law, and that the association is named as an additional insured under the managing agent's bond.

(Adds R.S. 9:1123.113)