AMS
Insurance Training

5/20/2021

ABI INSURANCE

Bios

Vern Newcomb

Insurance Director for Community Association/ Commercial Habitational Department at ABI. Vern is an Oregon native and has been in the insurance industry for 35 years and an insurance educational leader for community associations for over 23 years. He is active in the community and a volunteer on various committees of CAI. Nationally recognized CIRMS (Condominium Insurance and Risk Management Specialist) designation.

Sara Eanni

Senior Account Manager and Claims Specialist at ABI. She has worked in the insurance industry for 16 years with a focus on associations for 13 years. Sara is extremely active in multiple CAI Chapters including becoming the recent chair of the CORC Marketing Committee and was past President of CAI-Oregon. Nationally recognized CIRMS (Condominium Insurance and Risk Management Specialist) designation.

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Association Coverage Types

1. **Property**
   - Building coverage
   - Clubhouse/pool/common structures
2. **General Liability**
   - Slip and Fall
   - Liable for property damage (old roofs not maintained causing damage to a unit)
3. **Directors and Officers**
   - Protection for the Board perceived to have done something wrong
4. **Crime/Fidelity/Employee Dishonesty**
   - Protects Association's money in the bank
     - Calculated- All of reserves plus all of operating (House Bill 2466)
   - Computer Fraud & Wire transfer
5. **Earthquake/Volcano/Flood**
   - Not typically required (Flood-unless in high hazard flood zone AE)
6. **Volunteer Workers Compensation**
   - Volunteers injured while working in the direction of the Board (non-negligent coverage)
7. **Project/Builders Risk**
   - Sometimes a requirement of large projects- Roofing, siding, decks, etc.

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Association Property Coverage

1. **HOA-No Building Coverage**

   Single family (and some attached TH communities) are not required to insure the residential structures. The association would then be responsible for only association common area such as pools, clubhouses, amenities, fences, retaining walls, etc.

2. **Bare Walls Coverage**

   This coverage is the least extensive form of building property coverage available. It covers the association's common elements and is only extended to cover the bare or unfinished walls, ceilings, and floors of the units within the condominium building. Structural fixtures and equipment such as cabinets, wall coverings, floor coverings, and appliances within the units are not covered by Bare Walls Insurance.

3. **Single Entity or Original Specifications**

   This covers the association's common elements but is extended to cover the finished or completed walls, ceilings, and floors of the unit within the condominium structure. Single Entity insurance will cover all structural items, fixtures and equipment within the units that were deeded by the developer of the association including like kind and quality replacements of such items. **The single Entity form of building property insurance will not cover any structural improvements, betterments, and additions made or acquired by the individual unit owners**

4. **All Inclusive "All-In"**

   This is the most comprehensive form of building property insurance available. It will cover all common elements and all structural items, fixtures, and equipment within an association's units, including the structural improvements, betterments, and additions made or acquired by the individual unit owner. **Basically, All Inclusive building insurance covers all the property within the units except the personal belongings brought into the units by the individual owners or renters.**

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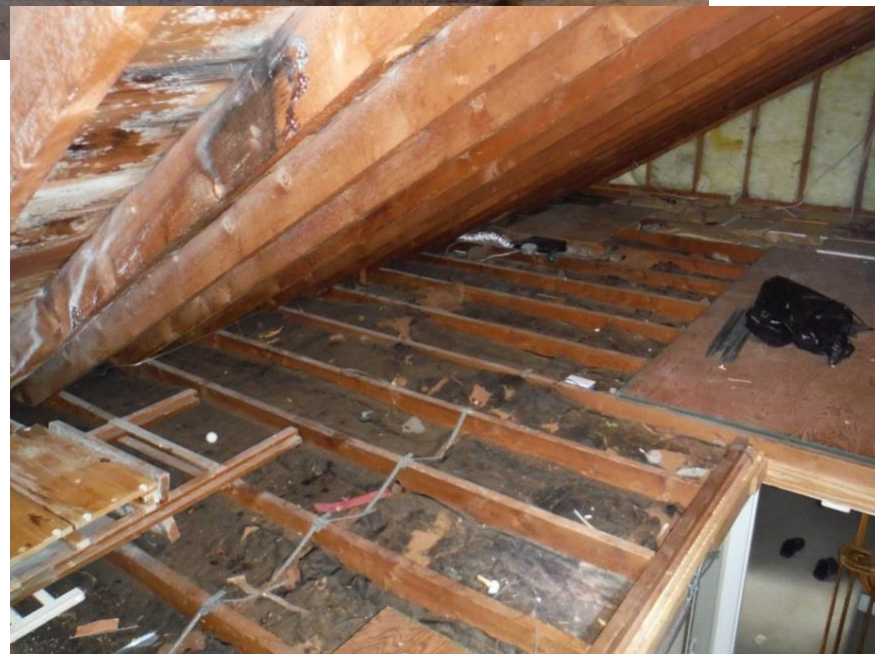
Risk Management

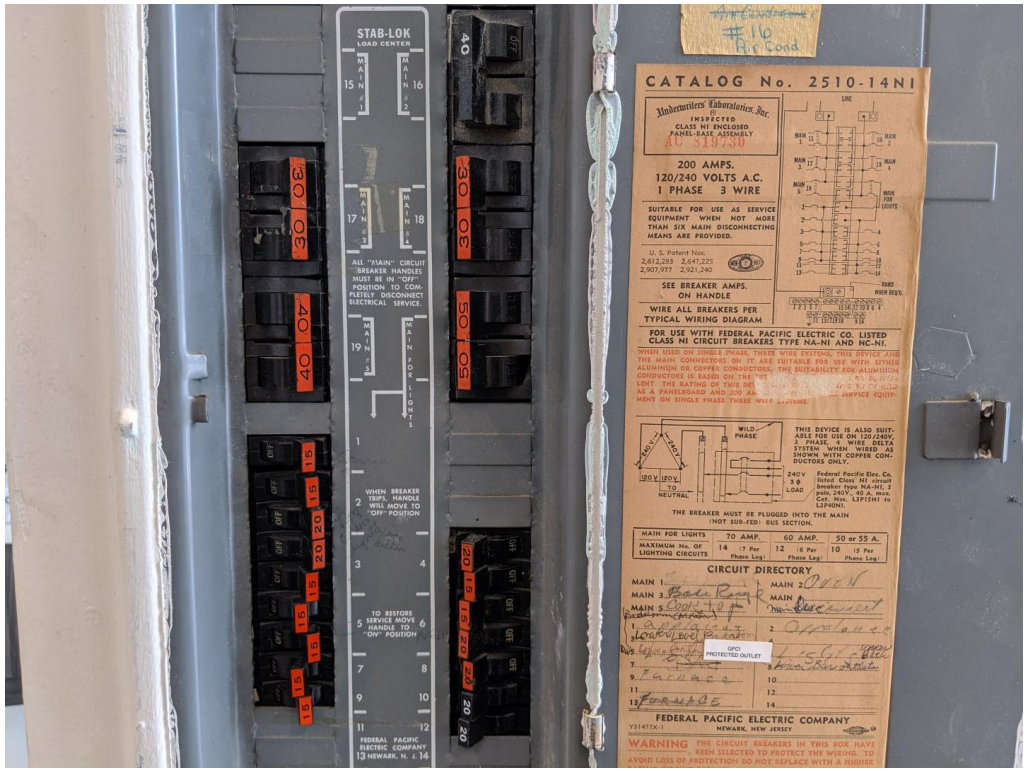
- Prior Claims History
  - Pushing higher deductibles to off set the risk
- Preventative Measures for frequent claims
  Examples:
  - Clogged pipes/overflows
  - Ice Damming
  - Slip and Fall
  - Lack of maintenance on plumbing or electrical
- Property walk though
- Contracts with Vendors
  - Snow removal
  - Fire Department
- Insurance Resolution



Underwriting Requirements Changes

Underwriting Concerns:

- Stab Lok Panels
- Aluminum Wiring
- Galvanized Pipes
- BBQ Policy
- Short term rentals



Insurance Resolution

1.2. Responsibility for Insurance. The Responsibility for insurance shall be as provided in this section.

(a) Owners Property Insurance. Owners shall be responsible for obtaining and maintaining insurance policies insuring their units, common elements, or limited common elements for any losses less than the deductible amount under the Association's policies and for insuring their own personal property for any loss or damage.

(b) Tenants. Tenants shall be responsible for insuring their own personal property for any loss or damage.

(c) Owner and Tenant Liability Insurance. Owners and tenants of all units shall obtain and maintain comprehensive liability policies having combined limits of not less than Three Hundred Thousand Dollars ($300,000) for each occurrence. The insurance shall provide coverage for, without limitation, the negligent acts of owners and tenants and their guests or other occupants of the units for damage to the general and limited common elements and other units and the personal property of the others located therein.

(d) Association. The Association shall have no responsibility to obtain or assist in obtaining property loss insurance for any owner or tenant for:

(1) Damage to a unit not covered by the Associations policy (because of the deductible amount or because the claim for loss or damage is one not normally covered by fire and property loss insurance policies with extended coverage endorsements); or

(2) For any damage or loss to the owner's or tenant's personal property.

1.3. Deductible.

(a) Damage Not Resulting from Negligence.

(1) Damage Affecting More Than One Unit. If a loss affects more than one unit, when there is no negligence by any party, the parties which have sustained damage (the Association, unit owners or both), shall pay their proportionate share of the Association deductible. The share shall be a percentage determined by dividing the damage to those portions of the building the non-casualty maintenance of which is the responsibility of the party under the governing documents of the association, into the total of all building damage incurred in the loss.

(2) Damage Affecting One Unit. If the damage is confined to a single unit, the unit owner shall be responsible for the entire deductible of the master

SAMPLE EXAMPLE ONLY

Insurance Trends- Premium Increases

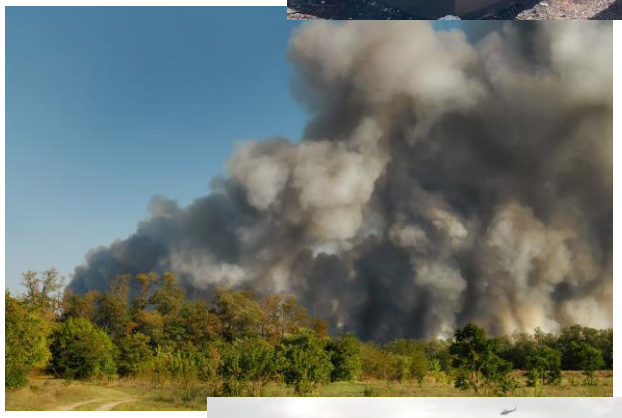
- Past 3 years of record claim years

- National and Global Catastrophic Events
  - Hurricanes/Flooding
  - Earthquakes/Tsunamis (Alaska, South America, etc.)
  - Hailstorms
  - Wildfires (California, Australia)
  - Tornados

- Damage Nationally with Riots/Vandalism

- COVID
  - Business Income Losses
  - Increased claims with owners/tenants being home.

- PNW (Oregon in particular) has the lowest insurance rates in the nation.



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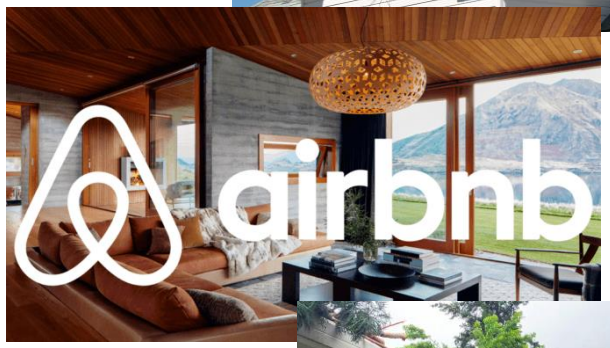
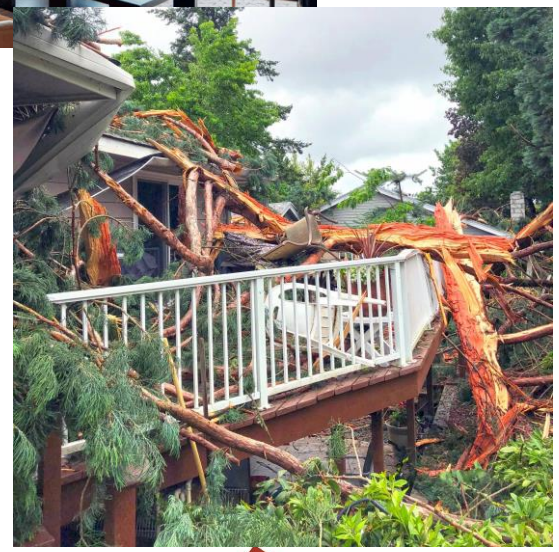
Insurance Trends- Availability of Coverages

- **Carriers tightening on underwriting requirements**
  - Updates (Roofs, electrical, plumbing, etc.)
  - Maintenance
  - Claims
  - Pushing higher deductibles
  - Rentals (high rentals or short term)

- **Carriers increasing rates**
  - Property rates have been going anywhere from 5%-30% or higher depending on the carrier.
  - Earthquake rates have drastically increased in the last year. Anywhere from 10% to 50% and higher depending on association's location.

- **Carriers are exiting the market**
  - Many carriers pull out of industries due to having severe losses for the last 3 to 4 years





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Newsletter

We encourage managers, Boards, and owners to sign up: https://abipdx.com/newslettersignup/

Living in communities with shared walls, what changes should happen with the Corona Virus?

Today with the Corona Virus (COVID 19) making a huge impact to our communities, additional measures should be considered by the Board to help reduce the risk of spreading throughout the association. Common areas and amenities that we often see in communities include, but not limited to playgrounds, pools, clubhouses and meeting spaces, work out centers, BBQ stations, dog parks, mailboxes, trash shuts etc. Boards and committees should consider what precautionary measures or processes can be implemented. Below are some great recommendations for associations to use and apply to their own communities:

- Avoiding close contact with neighbors and staying at least 6 feet away when gathering mail or in other common area spaces.
- Discuss implementing limitations or suspending common amenities such as pools, playgrounds, work out rooms, and other common gathering spaces.
- Conducting increased and more extensive cleaning to disinfect common areas. Make sure to focus on high-touch surfaces such as door handles, lobby phones, elevator buttons and handrails.
- Install or make sanitizer stations available in common areas. Providing disinfecting wipes is also a great way to encourage owners to wipe high touch items down as they go through.

It is very important that if a community is going to take measures to protect their residence, to consider running these changes by the association's attorney for final blessings. Although we are all trying to work together through this crisis, we want to do so fairly and in compliance with the Fair Housing Act.

Loss Prevention Tip: What impacts does constant and heavy use mean in your home?

With many people working from home, the strain on household appliances and resources can be problematic. Working from home can increase the opportunities of overusing resources such as water, electricity or natural gas. It also increases the chances of claims occurring which is the last thing anyone wants to happen in this time of crisis. Common, yet accidental claims that we see include faucets are accidentally left on or clogged, candles being forgotten about and starting a fire, and owners flushing things that should not go down the toilet. We highly recommend that associations increase communication with the community and owners be more mindful of what they can do to reduce and prevent losses.

An Owners Burning Question!

Q: If owners are unable to pay for their dues or their units foreclosed, does the associations insurance policy cover the lost income?

A: Unfortunately, with the current situation where a virus has affected our community, that is likely not going to be considered a physical loss that would trigger an insurance policy. Business income is designed to help recoup lost income (dues) when there is a direct physical loss such as a large fire. In most cases, owners are still going to be responsible to pay for their dues. In the event an owner foreclosed, and the bank takes over ownership, the financial institution that owns the unit will be the responsible party for those dues.

Update of the Month! Refrigerator Filters

Refrigerator lines help to provide cleaner water by reducing contaminants and prevent bacteria from getting into your drinking water. The carbon inside these filters only lasts so long before it must be replaced. Manufacturers recommend that filters are changed every 6 months however other experts indicate that filters can be changed about once a year. Filters typically run anywhere from $20 to $50 and some refrigerators not only have a water filter but an air filter too. Make sure to look at your specific appliance to see what your

Questions

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