

ABI Insurance | May 2020 Newsletter

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What could be the Problem with Vacant Units?

Vacant units within a community can pose to be problematic for associations for a few different reasons. A frequent reason units can be vacant is due to unit owners or tenants being away on vacation or a business trip. Pipe breaks or appliance failures are not prejudiced to the timing an owner is away from their home and often create significantly more damage due to not being discovered in a timely fashion. Often other unit owners suffer damage before discovering where the water originated from. A creative solution that some have done in communities is to create their own buddy system. If a trusted friend or neighbor is able to check on a vacant unit, this can significantly reduce the risk of substantial damage when a loss is detected sooner. Another vacancy problem that communities face are units that sit unsold or foreclosed on. Insurance policies can have vacancy clauses exclusions which gives carriers a way out of paying a claim if a unit/building is vacant. These exclusions often are defined by any of the following: time period, specific to each unit or by percentage of a building vacant, and requirements of various active utility services. If your community has any units that are bank-owned, it is critical that they understand the requirement and what they are responsible for. We are entering a time of unknown right now with the housing market and it is important to keep vacant units in mind to reduce risks of claims or not having insurance coverage.



Loss Prevention Tip: BBQ Safety So many are at home and using their BBQ's to make their meals. It is a great time for a reminder on being safe and making sure to inspect your BBQ for maintenance concerns. Most insurance companies and often city ordinances will require that charcoal BBQ's or open flames be prohibited because the high risk of starting a fire. BBQ's are recommended to be pulled 10 feet away from the building and not used under any overhangs. Storing propane tanks in the heat or directly in the sun can also be dangerous. It's a great idea to check and maintain the BBQ gas lines and connections and clean everything regularly.

An Owners Burning Question!

Q: My claim was denied because "water originated from outside my unit". What does that mean?

A: We are starting to see carriers put exclusions in HO6 policies (especially landlord policies) that exclude water damage that originates from outside the unit they insure. This can be extremely problematic especially when there is a claim and no negligence occurs. A common example would be a unit above had a pipe break which caused water to enter your unit causing damage. If your carrier denies the claim, you may still be responsible for your portion of the damage or the associations deductible. This kind of claim is completely out of your control. Make sure you have coverage, check with your agent about this exclusion.



Update of the Month! Faucets

Most faucets last a long time (15-20 years) but often we do not remember the last time they were replaced. Faucets failures can cause a lot of water damage because often the damage is not discovered for a few days or even weeks. Faucets range in price for bathrooms (sink and tubs) verse kitchens however, the average range could be anywhere from \$50 dollars to a few hundred. Many faucets are not changed unless a remodel was done and therefore the age of the building could be a good indicator of age.



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