



## ABI Insurance | June 2020 Newsletter

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### Do you have a summer project about to start?

Summer months are the busiest for summer rehab projects for associations. Projects could include residing, roofing, deck upgrades, structural work, window and door replacements, or a combination. Insurance is likely the last thing that comes to mind; however, it is important to plan and budget because most association policies have exclusions or limitations for “course of construction” work. The coverage that the association needs is called Builders Risk Insurance, which is property driven insurance, not liability. Within the contract, contractors tend to be required to have their own liability coverage in the event they do something wrong that causes damage; however, that only protects the association when the contractor is negligent. Associations need to make sure they have insurance coverage for all other incidents, such as weather related or other “acts of God” events. We highly recommend that the association purchase the Builders Risk insurance themselves as they will have complete control of the policy and the association will not pay anything additional that a contractor might include with overhead costs. If your association’s project has not started yet, do a little research on the insurance and if a Builder Risk policy is necessary.



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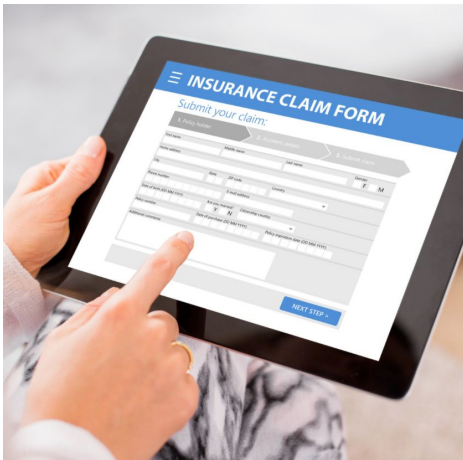


**Loss Prevention- Do you have Stab-Lok Electrical Panels?:** In the last several years, insurance carriers have become stricter with their eligibility guidelines. Stab-Lok panels are one of the common panels that were used between the 1950s to 1980s and are known for causing fires. One of the biggest problems that associations may face is that the unit owners are responsible to replace their own panels. The problem though is that if the association is required to insure the building and insurance carriers are not willing to insure Stab-Lok panels, a change has to happen. If the association does not have a plan to get the panels changed, insurance costs increasing over the long run will be inevitable. We have worked with several associations that have done this project as a group. One of the benefits is that typically there can be cost savings with a contractor to do a big project rather than just a single unit. Keeping Stab-Lok panels is a life safety issue for an association as people could get seriously hurt if a building went up in flames due to one of these panels. Start talking about a plan to replace the panels.

### Owners Burning Question:

**When I have a claim, what are the first few things I should do immediately?**

1. If there is running water continuing to cause damage, turn off your water if you have permission.
2. Call the community manager, Board contact or after-hours emergency to get the incident reported.
3. Get a mitigation company involved. Make sure to discuss any preferred vendors with the association. Using a contractor that does not specialize in association work can make claims run less smoothly.
4. Reach out to your agent to discuss filing a claim on your HO6 policy.



### Update of the Month: Bathtub Caulking

A common claim that we see that often gets denied as it is a maintenance related event is water damage due to failing caulk around the bathroom tubs. Caulking typically lasts around 5 years but certainly can crack and peel sooner. Water can easily get into these cracks causing major damage that is not discovered until there is substantial damage. These are not sudden and accidental events and typically not covered by insurance, so it is important to do preventative maintenance to prevent future water damage!



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