



ABI Insurance | August 2020 Newsletter

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Why using a reputable contractor is so important

When it comes to fixing damage due to a claim, it is really important for owners to use reputable contractors that understand how association insurance claims work. When contractors are hired that are not familiar with Associations and how claims process, it can create unnecessary headache for everyone involved. Here are a few issues that we find owners to have when using a contractor who does not understand how association claims work:

1. Costs to fix the damage are often inflated and much higher than the industry standard rates. The issue is that if the insurance carrier does not agree to the damage amount, the owner could be on the hook for the remaining amount owed. The issue that we see is that some contractors want to take advantage of owners and it can be preventable by selecting reputable contractors within the industry.
2. Contractors that do not understand the claims process of associations often get upset really quickly when they are not paid, which is very understandable however when an association is involved, there are more parties involved in the claim which does delay the process. Contractors threaten liens on properties until they get paid which does not help! Reputable contractors understand the payment process and tend to be much more flexible.
3. Doing the work right the first time is very important and if there is something not done correctly, owners want companies to come back and fix the damage. Using a reputable contractor is important in reducing this liability for owners.

If your association has some preferred vendors already vetted, we recommend discussing those options with the association and using them if you have a loss.



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Burning Owner Question- Our HOA just amended our documents and redefined the water line and unit boundaries that will now be the owner's responsibility. How does that impact our insurance?

What a great question! Even though unit boundaries change, or a unit owner becomes responsible for something new, this typically refers to maintenance. Insurance coverage is completely different and does not necessarily follow the same guidelines as boundaries sent forth in the declarations. Insurance requirements by the association or the owners are defined in a completely different area. For example, if your association governing documents require the association to insure the entire building, including the units and betterments and improvements, changing the maintenance boundaries does not change the insurance requirement of the association. It is always a great idea to reach out to the association's insurance agent prior to making final changes just to get their recommendation.



Loss Prevention: Security Cameras

Many associations have reached out asking what they can do to prevent damage to their community by unwanted guests. There has also been an increase in car break ins and stolen vehicles over the last month. Security cameras may be a solution for your community around the buildings or at entrances to catch images of the liable party if it does occur. Discuss your association's situation with your insurance agent and/or attorney.



Update of the month: Cleaning Fireplaces

If you use your fireplace in the winters and they have not been cleaned in the last couple of years, consider hiring an experienced, licensed, and insured contractor to clean the fireplace and chimneys. Another great idea is to ask your association if there are other owners that do this project on a group basis as sometimes this can make it more cost effective. Prevent a fire and clean your chimneys and fireplaces.



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