

ABI Insurance | October 2020 Newsletter

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Don't Under Budget

As we see rates increase from a majority of insurance carriers, we advise that association's should prepare this budget season and give an extra cushion in the insurance line item to be on the safe side. I am sure many will agree that it is better to come in under budget than over. The insurance market is starting to become hard as carriers leave the market and others tighten eligibility guidelines. In the last few years we have seen several severe catastrophic wildfires and hurricane losses however in just 2020 insurance companies have seen an enormous increase in claims from COVID, higher use of the home creating losses, and riot damage nationwide all while having a severe wildfire year again. Earthquake rates have also taken significant rate increases in some areas which will drive association premium higher. Owners never want increases however sharing this newsletter with owners may help the association with that communication.



Burning Owner Question-Q: A tree branch fell on my car doing a lot of damage. Will the association's insurance policy pay for my damage to my car?

A: No. Acts of God, such as a windstorm causing a tree branch to fall on the vehicle, is not considered an event where the association is liable under most situations. If the vehicle owner's policy has comprehensive insurance, there may be coverage, but discuss it with your agent.



Common Exclusion: "Seepage & Leakage"

This is one of the most common exclusions we see with denied claims. Seepage claims are caused when water enters the building from the outside through the wall, windows, doors, roof, etc. Buildings are structure to keep water out if well maintained. When buildings are not maintained per industry recommendations, water can enter and CAUSE damage to property. Insurance policies are not designed to pick up claims due to lack of maintenance and when the claim is denied, the damage still has to be fixed and insurance will not be paying for it.



Update of the month: Watch for Mold

Fall is a moist season and one that is known for mold to thrive before the cold weather comes in. It is very common for owners to not realize a break or leak has occurred and mold starts to grow. It only takes about 24-48 hours in moist conditions for mold to start growing and spreading.

If your association has owners that rent their unit out, we highly recommend them to check on their tenants as it is very common that tenants just do not reach out about the damage until it's too late.



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