



## ABI Insurance | February 2021 Newsletter

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### What the Future Holds for Insurance Premiums

It is not a new discussion regarding insurance companies being affected severely in the last few years due to catastrophic events and increased claim activity, but how this will impact our future premiums is important to keep preparing for. 2021 and future years are going to have impacts on association's insurance premium and coverages and being prepared can make a huge impact on the community.

Communities that will be impacted the most are ones that have deferred maintenance or lack of updates and communities that have prior losses. Insurance carriers are looking at the risks that they insure more carefully and reducing their exposure to prevent future losses they are required to pay. What that can mean for a community is that they are put in a situation where they might only be able to find

high-risk insurance. High-risk insurance can often cost at a minimum double the preferred premium rate. If there is deferred maintenance or other updates that need to be done, the community faces having to come up with the means for the project while also paying the high rates for insurance. Being a proactive community can save hundreds of thousands of dollars in the long run.

Distinguished Programs recently published this [Market Insight Article](#) that goes over the average policy increases for each line of business. Insurance may be one of those items you only think about every year at renewal, but I encourage every community to take a look at their specific situation and discuss if any changes should be implemented to increase long term sustainability.



## Owner's Burning Question

Q: I had a claim in my unit and was forced to live elsewhere while the work was being completed. Why did my association not pay for this expense?

A: The coverage that is being referenced in this question is known as loss of use coverage and this is not something covered under the association's policy. There is coverage on the individual HO6 policy, and we highly recommend that any owner get enough coverage for a worst-case scenario claim such as a severe water damage or fire claim where they could be out of their home for a year or more. Regardless of if there was a negligent party or the accident just suddenly occurred, the association's policy will not pay for the extra expense owners or tenants incur if the unit becomes uninhabitable.



## Loss Prevention: Those Hidden Places - Basements and Crawl Space

Basements and crawl spaces are areas that can often have water damage if not maintained properly that cause claim issues. Seepage is a common exclusion in insurance policies that refers to water coming from the outside of a building into the unit. Settling of foundations can cause cracks to occur, ultimately allowing water to enter the unit. If the incident is caught quickly, it can make for minimal damage however another concern that can make this claim worse is having mold and other microbial growth occur. It is always a good idea to frequently look at the foundations and crawl spaces in your buildings to look for these potential issues.

## Update of the month: Do you know how many AMP's are in your home?

The AMP service measures the volume of electricity that flows through the home. Many homes have between 100 amp-400 amp, depending on the age and size of the home. Older buildings can have 30 amp or 60 amp which can be very difficult when running multiple appliances. The dangers of a home with a lower amp service are that outlets can easily be overloaded and short, causing a fire. Having a unit's amp service level less than 100 is a concern with most insurance carriers and can be a life safety issue for associations. With the amount of technology that is in use, the electrical components of a home can be at risk. We highly recommend that if your community is in a situation with old electrical or electrical has not been inspected recently, to get a licensed and insured electrician involved and a plan in place to upgrade the electrical. It could mean a person's safety or their life.



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