



## October 2022 Newsletter

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### Would You Let a Family Physician Perform Open-heart Surgery on You? Identify Your Specialists.

When it comes to the important things in life, we want and need experts in our corner. Every industry has generalists and specialists. A generalist is someone who has a wide variety of knowledge but not extensive knowledge in one particular area. Individuals or companies can work with community associations, but does that make them an expert? Some of the association business is too important not to involve the experts.

Specialists are people or companies who have broad and detailed understanding on specific subject matter. Often these specialists have earned credentials or a license in their area of expertise. They are the best to act as an advocate on your behalf because of their extensive knowledge. They can look at multiple perspectives and determine the most accurate solution.

Guidance from specialists can support an opinion or argument and many times results in a favorable outcome for a client, both from a financial or economic perspective. For example, insurance claims can be adjusted incorrectly when interpreting coverage, state statutes, or governing document language. This can make the claims process difficult, especially for community associations. With a specialist involved, there is an advocate in the association's corner to guide this process and speak to discrepancies.

#### What Makes Someone a Specialist or an Expert?

**Authority** – An individual who has a reputation with an audience as a go-to-source for perspective. One you look to for an opinion on a question within a specific subject.

**Advocate** – An individual who demonstrates a commitment to a community and makes recommendations in the best interest of the community.

**Educator** – An individual who instructs, educates, and inspires on a specific topic.

**Author** – An individual writer who develops content to share knowledge on a subject.

**Researcher** – An individual who investigates and shares unique insights and perspectives through research in a field.

**Practitioner** – An individual who actively builds knowledge in a specific discipline.

**Graduate** – An individual who has completed a course of study or training in a specific subject area.

#### Who Can Community Associations Rely on for Their Expertise?

**Consultants** – When associations are faced with large scale construction projects, hiring the best consultant will help hold contractors accountable and ensure the work is done properly. Sometimes a consultant's fee will pay for itself with one corrected mistake, saving the association much more in the long run.

**Attorneys** – The relationship between an attorney and an association can be valuable. Attorneys help protect associations from a variety of legal issues. With the complexity of community association law, it is important for associations to hire an attorney who specializes in this area.

**Accountants** – Financial reports for community associations are important for fiscal health. Accounting professionals can uncover financial errors and sometimes reveal improper use of funds, saving an association money and anguish. Specialized accountants for community associations know tax laws and rules that are vital for your community.

**Service providers** – Communities need to hire different vendors to do common maintenance, landscaping, security services, mitigation, reconstruction projects, and much more. The community will have a more successful outcome if vendors are interviewed and hired based on their expertise.

**Insurance Agents** – These licensed experts provide advice on coverages to protect clients in times of unexpected loss. Without proper coverage, a community could be out thousands or millions of dollars.

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Insurance coverage is about ensuring the policy is set up correctly. A community needs to trust that their agent will be present in the event of a claim and be their advocate during the claims process.

It is important to keep in mind that sometimes specialists charge considerable fees for their services. However, an expert opinion may be worth the price. In the long run, a specialist could save a client financial, physical, or emotional distress. There are hundreds of horror stories within the community association industry, and we can learn from them! Community associations are long term investments and it's important to surround yourself with a good, educated team.

Ask questions, gather references, interview consultants, and then make the best decision you can based on the information, and not just the price. If an issue arises you will soon find out who is in your corner and usually an expert is going to give a community the best chance of success.

## Update of the Month: Lighting it up

Many parts of the country, including areas in Oregon and Washington are experiencing increased crime in communities. This could include a car or house break-in, vandalism to community property, or an assault. To prevent issues, a cost-effective solution is to increase lighting. This simple solution will make dimly lit areas less appealing to criminals. Various studies support the practice of installing lights in dark areas to significantly reduce crime. If cameras are not working or installed, don't publicize camera use with signs. Communities should not provide a false sense of security, even if the intention is to deter criminals. Lighting, either permanent or motion sensitive, is a great alternative to discourage unwanted visitors.



## An Owner's Burning Question



**Question:** Why does my association keep increasing the master policy deductible? Does that mean I have to increase my policy too?

**Answer:** Many associations are being forced to increase their association's policy deductible due to claims activity, or because the association is taking proactive steps to protect the policy from drastic premium increases. Many of these increases are caused by claims. When the association increases the deductible, owners will need to ensure their HO6 policy is updated and has sufficient coverage to cover the full deductible amount. When deductibles increase, owners will take on more risk with claims. As an owner, determine what items in the unit need to be replaced and support your association's maintenance projects and upgrades to common elements.



### We Want Your Input!

Have a question or want to see a specific topic highlighted in next month's newsletter?

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[association-news@abipdx.com](mailto:association-news@abipdx.com)

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## Loss Prevention: How a Conflict of Interest Can Cost Your Association

What is a conflict of interest? A conflict of interest is real and not always identified. *Merriam-Webster.com Dictionary* defines a conflict of interest as, "a conflict between the private interests and the official responsibilities of a person in a position of trust." This can impact an individual's ability to make a fair decision. Although it may not be obvious, conflicts of interest happen frequently in associations and business. A few examples include:

**Ownership conflicts** — If someone owns a company that will be utilized by the association and the company representative would benefit financially from the relationship, this would be considered a conflict.

**Relationship conflicts** — When decisions are made based on the relationship status one has with another person. For example, selecting someone to provide a service or product because they are your relative or friend.

**Kickback opportunities** — When a person or company offers a monetary incentive to win business.

When conflicts of interest arise, they may become an opportunity for someone to sue. A lawsuit of this type could force an association to generate a liability claim with their carrier, and even involve directors and officers.

Conflict of interest claims are preventable. Put personal relationships aside and do what is best for the association as a group. Choosing a vendor who will do the work correctly and without loyalty conflicts will provide transparency and increase trust within the community.