



June 2023 Newsletter

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Alcohol in the community: Understand the Risks



An accident, when alcohol is involved, can be devastating for a community. Alcohol is a risk all communities need to consider. I can speak for the carriers we represent and say many of them expect alcohol to be prohibited unless incidental. Typically, this means an annual meeting or a special one-time function. In these cases, the insurance carrier expects parameters to be set and met. One guideline might be that alcohol served at an event is not provided by the association. To comply with insurance guidelines, an association could hire a licensed and insured catering company to serve alcohol. Transferring the liability to another company reduces the association's liability exposure. I recommend when signing a contract with a catering or serving company, allow your insurance agent to read it before signing. I have seen some contracts that work against an association. I cannot stress enough how important it is to understand what is written and ensure it is in the association's best interest.

Another thought to reduce liability is to limit who can be at the event when alcohol is served. Insurance carriers do not want outside guests or the public to drink, leave, and then cause an accident. Someone who drinks irresponsibly at an event exposes the association to liability risk. If an owner wants to rent a clubhouse and serve alcohol, an

association needs to require the owner to take out a one-day event policy and list the association as an additional insured. Liquor liability must be included in the insurance coverage if alcohol is served.

Some communities have pools and a common question to ask is, "Can our community allow alcohol in the pool area?" As a risk manager, I strongly advise against alcohol or drug use in any pool area. A community should prohibit the use of both. Insurance companies are not rating for this exposure and if your community allows or is considering allowing alcohol, the insurance company needs to know. Likely, the association will need a higher risk liability policy. Discuss options with your agent.

Update of the Month: Missing Roof Shingles

Shingles missing from a roof are a big deal! If you don't replace missing shingles, you risk future damage to your home. Shingles protect the structure from water. Without shingles as a defense, water intrusion occurs and causes damage to the structure. Reputable and insured contractors are a great resource to ask about repair or replacement options. Sometimes it's easy to replace a few shingles, but depending on the extent of damage, a roof replacement may be a better long-term investment. Maintaining your home's roof is extremely important as the insurance market continues to tighten. Insurance companies want to see roof inspection reports for buildings or homes with roofs over 20 years old. Summer is a great time to inspect a roof, make adjustments, or create a maintenance plan.

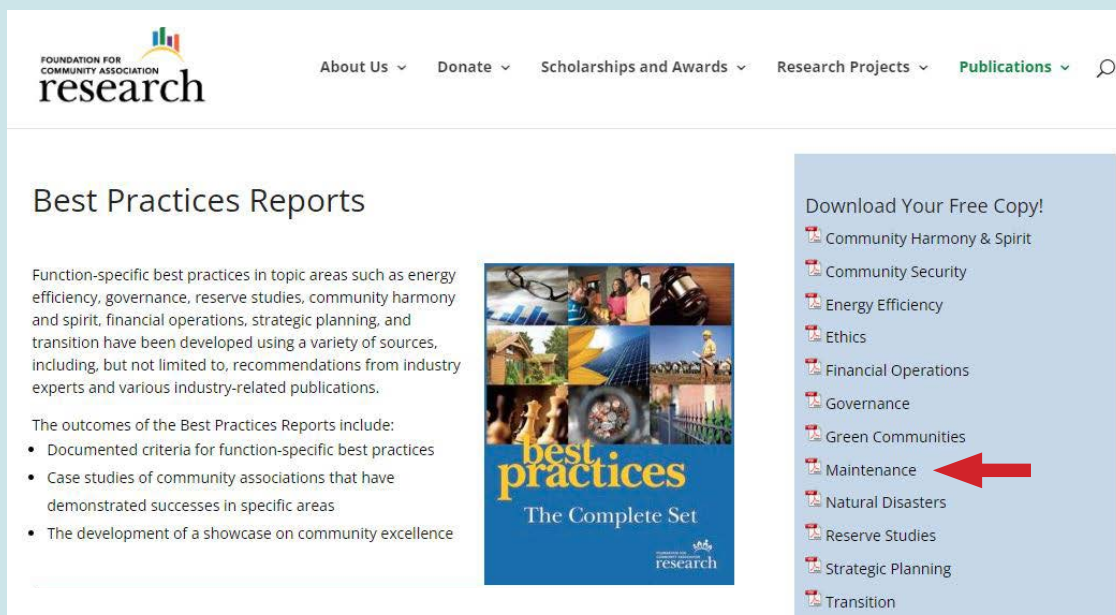


Loss Prevention: Review the CAI Maintenance Guide

In May, I attended the CAI National Conference in Dallas, TX. They announced this gem of information during the meeting, and I must share it with you.

The Foundation for Community Association Research has done extraordinary work providing invaluable resources for communities. One resource announced at the conference was *Best Practices Reports: Community Association Maintenance*. This guide comes after the devastating collapse of the Champlain Towers South in June 2021 in Florida. This is a free resource to download. I strongly urge each community to download and read it. As a Board, go through the guide and see what areas could apply to your community. A review of this information might help prevent a tragic event. Download it here: <https://foundation.caionline.org/publications/best-practices-reports/>

We all know our buildings are not getting younger. As our buildings age, communities must be proactive as possible with building maintenance.



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Best Practices Reports

Function-specific best practices in topic areas such as energy efficiency, governance, reserve studies, community harmony and spirit, financial operations, strategic planning, and transition have been developed using a variety of sources, including, but not limited to, recommendations from industry experts and various industry-related publications.

The outcomes of the Best Practices Reports include:

- Documented criteria for function-specific best practices
- Case studies of community associations that have demonstrated successes in specific areas
- The development of a showcase on community excellence

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- Community Harmony & Spirit
- Community Security
- Energy Efficiency
- Ethics
- Financial Operations
- Governance
- Green Communities
- Maintenance**
- Natural Disasters
- Reserve Studies
- Strategic Planning
- Transition

An Owner's Burning Question



Question: My Board discovered damage behind the siding and now they are assessing me. I don't understand why insurance didn't pay for it and now I am required to.

Answer: Boards are becoming extremely proactive with structural maintenance. Unfortunately, insurance is designed for sudden and accidental events. Insurance is not meant to pick up repair costs related to maintenance (or lack thereof). If insurance worked this way would

anyone maintain their home? Insurance premiums are not high enough to also cover maintenance related expenses for buildings.

Communities are becoming more proactive about identifying problems. If these issues are not addressed, they become bigger problems in the future, and in some cases life safety concerns. When a building structure becomes unsafe it is a no-win situation for any owner. Remember, Board Members are owners too and want to look out for the best interest of all owners. Although sometimes costly, buildings that need help must get needed maintenance. Look for ways to help and support your Board and community. If good planning is in place, assessments don't need to happen.



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

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