



Oregon's largest  
insurance  
provider of  
condominium  
and association  
insurance.

## DECEMBER 2024 NEWSLETTER

INDUSTRY NEWS, TIPS, TRICKS, & RESOURCES

# Insurance insight: Replacing aging systems

The current insurance market is more challenging than ever. With claim payouts at an all-time high, many carriers have exited the condominium insurance market. The remaining carriers have limited capacity and therefore are restricted to the community associations they are able to insure.

Carriers choose the associations with the lowest risk of claim activity to keep their book of business profitable. Associations with an extensive or costly claim history are considered high-risk by preferred carriers. Some associations may not be eligible for competitive rates based on their location, such as those near the coast or in a wildfire zone.

Association buildings constructed prior to about 1990 are immediately reviewed very closely by carriers due to the likelihood of aged building components and systems. One of the most impactful characteristics that cause an association to be considered high-risk is out-of-date building systems, especially electrical and plumbing.

Buildings built prior to the 1990s are likely to have galvanized plumbing. This type of plumbing is no longer used because over time, it will corrode from the inside out causing leaks and collapse. Water damage claims represent the most common and costly claims for community associations, and preferred carriers are not willing to accept the risk of having to pay a claim for water damage caused by failing galvanized plumbing.

Likewise, buildings built prior to the 1990s may have recalled electrical panels such as Federal Pacific, Zinsco, or Sylvania. These panels use Stab-lok breakers which are widely known to not trip properly when overloaded. This poses a severe overheating risk and may cause electrical fires. Challenger and

Pushmatic panels are also obsolete and known to overheat and cause fires. If these panels are present anywhere in the association, it is typically an automatic "no" from preferred carriers.

In addition to the risk of property damage that these outdated systems pose, association boards can be at risk as well. If boards are aware of the presence of these systems and have not notified unit owners and have not taken action to address them, this could leave the board open to a lawsuit for breach of duty if a claim occurs.

Boards who oversee older buildings and do not know what types of systems are in the building should have the building systems inspected by licensed and insured professionals. If the buildings do have out-of-date electrical or plumbing systems, develop a plan to replace them as soon as possible. These replacements can be very expensive. However, insurance in the high-risk market is also expensive and comes with limited coverage. It is preferable for associations to put their money towards updating the building(s) rather than towards costly insurance premiums.



## ❖❖ *Holiday Hours* ❖❖

ABI Insurance will be closed on the following days:

- Tuesday, December 24 – closed at 12:00 pm
- Wednesday, December 25 – closed on Christmas
- Wednesday, January 1 – closed on New Year's Day

❖❖ *Enjoy a safe and restful  
holiday season.* ❖❖



# Safely set the mood this season

With the holidays approaching, creating a festive environment in your home can be part of the holiday fun. Candles can be a great way to help create a festive atmosphere. However, real wax candles come with risks. If you burn candles, it is important to do so safely. According to the National Fire Protection Association (NFPA), December is the peak month for candle fires in the home.

Flameless candles can be good alternatives to wax candles. These battery-operated candles gained popularity in the early 2000s. They have the look and feel of wax candles and can provide the same ambience. However, they are much safer. If you must burn a real candle in your home, consider some of these safety tips.

- Keep candles placed on a sturdy surface or in a strong candle holder.
- Some candles include manufacturer instructions. Read these labels and follow the warnings.
- Never leave a candle unattended.
- Keep candles out of reach of children and pets.
- Never leave a child alone with a lit candle and never allow children to play with candles, matches, or lighters.
- Keep candles at least one foot in all directions away from anything that could ignite, like clothing, drapes, or bedding.

- Keep candle wicks trimmed to about ¼ inch. If smoke is visible when the candle is lit, the wick may need to be trimmed.
- Blow out all candles before you leave your house or go to bed. Consider setting a timer or an alarm clock to remind yourself that candles are burning.
- Before you go to bed do a walk-through of your home. Check each room to ensure all candles have been extinguished. Remember to check patios and porches as well.
- Never burn candles if oxygen is used in your home.
- During a power outage always use a flashlight. Never use a candle.
- Finally, if you decide to use wax candles, check that the product is not on a recall list. For a full list of candle recalls visit [cpsc.gov](http://cpsc.gov).



Flameless candles can greatly reduce the risk of fire. If you decide to use wax candles, remember to take precautions to burn them safely.

## Are You Winter Ready?

### CHARGE YOUR DEVICES

For more tips visit  
[www.ready.gov/get-tech-ready](http://www.ready.gov/get-tech-ready)

Ready. 

## meet a team member

Look for this  
column to return in  
an upcoming issue.



503.292.1580  
4800 SW Griffith Dr., Suite 300  
Beaverton, OR 97005

[abipdx.com](http://abipdx.com)



**Vern Newcomb**  
Association Director

CIRMS® Certified  
An expert in your corner

[vern@abipdx.com](mailto:vern@abipdx.com)