



March 2022 Newsletter

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Claim Damage on the Rise

Associations have claims but the amount of damage with the claims that occur are increasing and greatly impacting our association communities. When that dishwasher leaks, a toilet overflows, or a pipe breaks, a small incident could turn into a large loss amount.

The biggest reason we see claim damages increasing is not because of what is damaged, it's what was NOT damaged. When claims occur and materials can't be matched for the damaged area, the adjuster will consider the undamaged materials within the claim, ultimately driving up claim costs. For example, a dishwasher leaks and causes damage to the kitchen floor.

The water flows into the dining and living rooms as a continuous room. If the contractor can't find the materials to replace the floor in the kitchen, they may have to replace flooring in all three rooms. A claim that could have cost a few thousand dollars to fix turns into \$15,000 to \$25,000 or more depending on the extent of the damage and how many units are affected.

Material shortages and delays can factor into a claim and as supply and demand changes, those fluctuations can affect the price of materials. Product availability is another reason for the increased damage totals. Products used in the initial build are often no longer available when a fixture or flooring needs to be replaced. This issue impacts both newer construction and older units. Newer communities can be affected within a few years as the materials phaseout.

Consider purchasing extra flooring materials during remodels. Most manufacturers phaseout materials after about four years. With extra materials available, you could save yourself time and avoid the hassle of replacing more areas than necessary.



Common Claim: Tree Roots

When communities were developed and trees were planted, the developers were not likely thinking about tree root systems that grow over time. We are starting to see many communities with insurance claims due to tree roots breaking sewer lines or cracking foundations.

Damage from tree roots is typically not a covered event under an insurance policy as tree root growth is not a sudden and accidental event. Damage that happens over a period of time is considered a maintenance event. The cost to dig to the sewer line is also not covered by insurance policies. Excavating can become expensive depending on where the cracked pipe is located (under buildings are harder and more extensive).

If your community has trees with aggressive root systems, it's a great idea to start discussing what a tree replacement project looks like for your association. Waiting until there is damage means the association will have to repair the damaged items, and the tree is still going to be a problem.



An Owner's Burning Question

Question: What are the first steps I should take as an owner when I have a claim?

Answer: We have outlined first steps for you below.

1. Preserve the property and stop the water if it is related to the claim. Move away any additional property that could get damaged.
2. Notify the Association Board or Community Manager of the claim and provide them with a description of the loss, the exact date, and policy information, if handy. It's also recommended to get the HO6 carrier involved by filing a claim.
3. Contact a mitigation/restoration company to start working on the cleanup and rebuild. We highly recommend all associations identify a couple of preferred companies who owners can call. Using reputable contractors who understand how community associations operate and understand insurance losses can make all the difference in a claim running smoother.

Q&A

Update of the Month: Toilet Devices

Toilets tend to last much longer than their actual parts. Do you know what components of a toilet should be replaced? Check out this list:

- **Flapper** — These devices allow water to drain into the toilet after flushing and prevent water from leaking out of the tank. The flappers are made of rubber which can crack and warp after about four or five years.
- **Fill Valve** — This important component helps regulate the water level within the tank. These valves are constantly exposed to water which leads to clogs and leaks. The fill valve only lasts about five years after assembly.
- **Water Supply Line** — This connection between the water supply line and the shut off valve provides water to the tank. This hose should be a braided line and last about 10 years.
- **Wax Ring** — The wax ring separates the toilet from the sewer line and prevents water from leaking as it enters the drainpipe. The wax ring keeps out harmful gases. The ring should be replaced every 10 years.

All communities can benefit from maintenance improvements and spring is a good time to plan for toilet upgrades.



We Want Your Input!

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

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