



# April 2022 Newsletter

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## What is Going on with the Mail?

Has anyone noticed the mail is taking longer to get to its destination? We have noticed this with community associations' insurance payments being late which results in increased cancellations. The regular mail is no longer an efficient and reliable option for management companies or associations to send insurance payments.

We suggest using electronic payment options such as EFT, ACH, and credit cards/checks over the phone which are faster. If the due date is near, sending an overnight payment to the physical address is critical. Most carriers offer this, and it can expedite the delivery. Typically, an insurance payment could be mailed, received, and posted within 10 days. We have seen associations with delays over 45 days resulting in lost coverage. We have no control over the mail service, and we need to find other ways for associations to get insurance premiums to the carrier and avoid cancellations.

A repercussion of late payments is insurance carriers are cracking down on underwriting requirements and payment history is being considered. One of the worst-case scenarios that has occurred is when an association's policy is cancelled for nonpayment and the carrier declines to reinstate coverage, even if the association pays the past due amount. The association is faced with no insurance coverage and scrambles to find another option. It can be challenging to find another

carrier, especially if a previous policy cancelled for nonpayment. New applications may require disclosing any prior information on cancellations for nonpayment which can affect eligibility.

As COVID-19 occurred, carriers were forced to be creative with additional payment options. Since then, they have become stricter when associations do not pay their insurance premiums. If your association runs into cancellations, have a conversation with your agent or community manager about payment options to avoid a lapse in your policies.

## Coverage Concern: Exclusions



What really is an exclusion? An exclusion is a situation or event that an insurance company does not have an obligation to cover. When there is no insurance coverage for an incident, the policy holder is still responsible for the damage or defense. Within HO6 policies, one coverage often excluded or carries a small sublimit is "back up of sewer and drain." Keep in mind, when an association has a deductible of \$25,000 and the owner's HO6 policy has a limit of \$5,000, this is a large shortfall for an owner to pay if they do not have enough coverage. It is up to the policy owner to understand the policy conditions and exclusions.

# An Owner's Burning Question

**Question:** Does the association's policy have any restrictions on dogs?

**Answer:** I have not seen an association policy that has any specific exclusions regarding dogs. However, I do understand some individual HO6 policies can have restrictions with certain breeds. Every dog owner must do their part to maintain a safe community. Keep dogs on leashes when outside and respect personal space to avoid an incident. Some associations have rules within the governing documents or amendments which communicate the requirements about dogs and other household pets. As an owner, start your research with your association's documents specific to your community.



# Q&A



## CAI Board Leader Certificate

BECOME A MORE INFORMED AND EFFECTIVE BOARD



New Course!

**May 21st, 2022**  
**8:00 am to 4:30 pm**

The new CAI Board Leader Certificate Course teaches you how to communicate with association residents, hire qualified managers and business partners, develop enforceable rules, interpret governing documents, and more. Sign up at: <http://caicentraloregon.org/board-leader-certificate.html>

## Update of the Month: Fire Extinguishers



On a walk inside Costco, the fire extinguishers caught my eye. They were such a great deal. How do I not share it from a risk management perspective? Manufacturer guidelines vary, but some suggest consumers replace fire extinguishers every six to 12 years. The cost is about \$30 per extinguisher. Each year common claims include fires on balconies caused by barbeque usage, especially fires on smaller balconies. Keep barbeques at least ten feet from overhangs and buildings. Not all associations have exterior sprinklers, and it is always recommended owners keep a working fire extinguisher near cooking areas.

Safe grilling equals happy grilling!

## 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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