



February 2023 Newsletter

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EV Stations are Trending

As electric vehicles grow in popularity and unit owners purchase these vehicles, association communities may need to plan for electric charging stations. If your community has plans to allow owners to install stations or wants to install them for the community, here is a general guideline on the insurance perspective for EV stations.

Insurance carriers ask communities to make considerations to protect the property from liability. These considerations include the following:

- The value of each EV station needs to be included in the replacement cost amount on an insurance policy. Make sure your agent knows the amount and receives direction to adjust the policy.
- Installation contractors need to be vetted by the Board and possibly by legal counsel if questions arise. A well written contract must be in place. The association must be included as an additional insured, regardless of the contract being in the owner's or association's name.
- Supporting documentation needs to be drafted to outline installation, maintenance, and insurance requirements. When ownership changes occur, expense considerations need to be made for installation and operation.

Every community dynamic is different and creates various factors to consider. Discuss the community's options with legal counsel. The association needs to reduce liability risks in common areas. Associations should not allow charging cords to stretch across surfaces and create a trip hazard. The goal is to create sustainable solutions for the growing electric vehicle community.

Common Claim: Falling Trees — Who is Responsible?

Over the holidays last year, we experienced high winds that caused many trees to fall. A tree falling from your property onto someone else's property doesn't necessarily mean you are responsible for the damage.

The owner of the property where the tree lands carries the responsibility for damages to their property. They also must remove the tree even if it falls from another property. Each property owner where the tree lands is responsible for cleanup and removal on their property. A fallen tree is considered an act of God.

Usually, the only way one can be found liable for a tree falling is if the tree owner knew of the tree's poor health and did nothing about it. It's important for associations to do tree inspections regularly and retain supporting documentation from arborists. If a tree is identified as a concern by an owner or contractor, the association should take immediate action.



Update of the Month: Plan of Action for Outdated Components

Typically, an owner is responsible for replacement of items within a unit and below are the most common items no longer eligible for coverage with standard insurance carriers. These components make an association's insurance high-risk and increase insurance premiums.

We strongly encourage owners to be proactive and make plans to replace items listed below that are within their responsibility. If an association has responsibility for a listed item, plan to update the outdated component before it causes damage or insurance costs increase.



Ineligible Components

- **Galvanized pipes:** Piping used in the 60s, 70s, and 80s known to corrode and breakdown causing water leaks.
- **Aluminum wiring:** This wiring was used primarily in the 70s and 80s when copper wasn't available. This type of wiring poses an extreme fire hazard in communities and is a life and safety issue.
- **Stab Lok panels:** Many unacceptable brands of Stab Lok panels exist such as Federal Pacific. However, most insurance carriers have made any Stab Lok panel ineligible for coverage because of their inability to trip when overloaded or short-circuited. These panels are a fire hazard and a major life and safety concern. They must be replaced.
- **Polybutylene plumbing:** This newer plumbing and piping for buildings is fragile and becomes brittle over time. It cracks from the inside out and causes water damage.



We encourage unit owners and associations to understand what components were used in their buildings. If ineligible components exist, develop a plan to replace them with up-to-date and safer elements.

An Owner's Burning Question

Special Assessment Loss Assessment



Question: What is the difference between special assessment and loss assessment?

Answer: The difference between these two separate types of assessments is often confused. However, special assessment and loss assessment are very different.

Special assessments are typically maintenance-driven expenditures exceeding or outside the adopted budget of what can be utilized from reserves. Depending on the assessment wording, most insurance companies will not pay for special assessments through an owner's loss assessment coverage on a homeowner policy.

Loss assessments are from uninsured or underinsured events to common property that all owners are responsible to pay collectively. Loss assessment is not for damages to a unit or the association's deductible unless that deductible was only applicable to damage in common areas.

Q&A

We Want Your Input!

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

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