



# May 2023 Newsletter

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## Costly Differences: A Hard Insurance Market Verses a Soft Market

Insurance markets can become hard or soft which impacts overall premiums for a consumer. To understand the difference between the two, think about the terms of supply and demand. When supply in the market is low, insurance carriers have leverage with coverage and premium offerings while limiting options to consumers. This kind of market is known as a hard insurance market. In a soft insurance market, consumers have insurance companies competing with lower premiums and offering a variety of coverages and services. Insurance markets shift when the balance between claims paid by the carrier exceeds premiums received. Other economic factors such as interest rates can impact the insurance markets and premiums. Ultimately, when carriers reduce claim damages and rebuild their financial cushion, insurance carriers become more competitive with policy offerings and the market can see a shift between hard and soft.

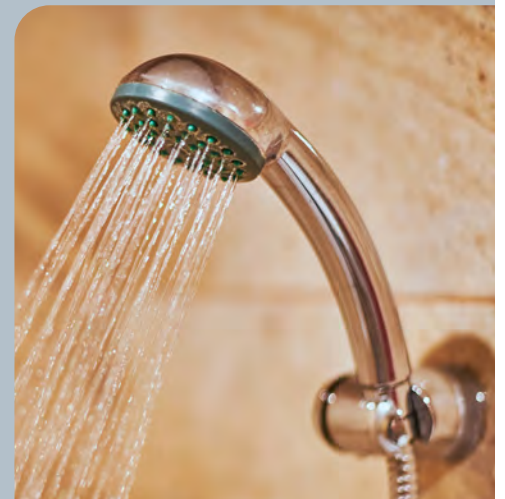
Today we are experiencing a hard insurance market. For many years now, insurance carriers have been pummeled with claim damage caused by natural disasters. Hurricanes, floods, wildfires, hailstorms, and windstorms have caused significant property and liability damage, and helped contribute to the hard insurance market we are experiencing today. Reinsurance rates have caused many insurance carriers to continue to increase their rates which makes the insurance market harder. Navigating through a hard insurance market while minimizing the financial impact on the community can be challenging, but it is possible to do so.

Community associations are experiencing large rate increases, changes in coverage, and in some cases unexpected non-renewals. An association which is proactive with their risk management strategies to reduce claims will have a better position in a hard market. The Greek philosopher, Heraclitus, is credited with saying, "Change is the only constant in life." With this thought in mind, we are reassured a hard market won't last forever.



## Update of the Month: Showerheads

Who knew showerheads need to be replaced every 8-12 months? Every home is going to require something different, so check with your contractor for their recommendation. Showerheads that leak and break can cause water damage and trigger claims if not caught early. Signs of a failing showerhead include reduced shower pressure, black mold growth, and increased sediments. Plan to replace your showerhead if it hasn't been updated or look to include the replacement in an upcoming remodel.



# Loss Prevention: Signs in Your Community



Posted signs in a community communicate important information that can help mitigate risks and prevent damage or injury. If a community can avoid a claim by installing a sign that is effective, and money well spent.

Each community has its own distinct risks. I encourage Boards to consider posting signs that reduce their community's risk. Below is a list of common risks where signs would be appropriate:

- **Garage doors or gates:** Some gates or garage doors installed for a community can cause damage to an owner's vehicle. Post rules to stress proper usage. For example, one car at a time, no blocking the driveway, or a time limit for unloading, are all signage possibilities. Signs help reduce an association's liability for damaged vehicles. Also, proof of garage door and gate maintenance records are extremely helpful in the event of a claim against an association.
- **Playgrounds:** Safe playgrounds are extremely important. Signs need to identify safety rules for kids and their caregivers to follow. Consider signs with images to help younger children understand playground guidelines.
- **Pools:** Swimming rules must be visible for guests to read. No association should allow alcohol in the pool area, and no one should swim alone. Children always need to be supervised.
- **No parking areas:** Signs need to be posted for no parking areas and fire lanes. Fire lanes must be clearly marked, and vehicles need to be prohibited in these locations. A common concern for associations is when residents or guests park in restricted fire lanes or no parking zones.
- **Ponds and water features:** Water features, ponds, or adjacent rivers increase liability for a community. An association's need to incorporate signs help increase safety awareness and restrict swimming in prohibited areas.
- **Dog parks:** Some communities include dog parks in common areas. Post signs to reduce the association's liability when dogs commingle with others. Owner's must use dog parks at their own risk and carry liability coverage through their individual HO6 policy. Each owner needs to check with their personal insurance agent to see if their dog's breed is listed under dog breed exclusions.
- **No Trespassing:** If a community has no trespassing rules, signs should be posted in areas where neighboring properties and potential walk-through traffic exists.

## An Owner's Burning Question

# DEDUCTIBLE

**Question:** I don't understand why my association is charging me a portion of the deductible if the source of damage was caused by another unit owner or common element?

**Answer:** Governing documents and insurance resolutions define who is responsible for the deductible in negligent and non-negligent situations. The deductible is determined by where the damage occurred and not the source of damage. Living in shared-wall communities increases the risk of damage for all units.

## Q&A

**Do you know someone who may benefit from this newsletter?**

If you know someone who may be interested, feel free to forward this newsletter to them or ask them to sign up at [www.abipdx.com/newslettersignup/](http://www.abipdx.com/newslettersignup/)



## We Want Your Input!

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

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