



# January 2024 Newsletter

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## Terrorism Coverage

**What is it and why does it come up every year?**



The 2001 terrorist attacks on our nation impacted the insurance community because many policies were silent on damage caused by the attacks. Created in 2002, the Terrorism Insurance Act (TRIA) provides a reinsurance backstop in the event of large-scale terrorist attacks. The act required insurance carriers to either automatically include or provide a choice to the insured to purchase terrorism coverage within all commercial property and casualty insurance policies, including workers compensation policies. If an insurance carrier does not automatically include the coverage, they must provide an option to accept or reject terrorism for a specific premium. TRIA has been extended and currently runs through December 31, 2027.

Insurance carriers who do not automatically include the coverage, must ask the insured annually if TRIA is either accepted or rejected. You may also notice policies that cover earthquake losses are required to provide the option for terrorism coverage, as well.

Although a terrorist attack could affect anyone, anywhere, evaluate your association's risks. If the community is a tall, high-rise building or located in a high-population area, the risk could be greater.

In 2003 FEMA (Federal Emergency Management Agency) published a reference manual to mitigate potential terrorist attacks against buildings. This large document contains detailed information on how to spot security vulnerabilities and more. This thorough FEMA manual may be a helpful resource for your community. Access **FEMA's Risk Management Reference Manual** here or at <http://tinyurl.com/3karaxm2>



**A Zoom event.**

**Saturday, February 3, 2024  
8:00 am to 4:30 pm  
Zoom**

An effective board is the association's greatest asset. Learn how to identify constructive ways to work with professional managers and business partners and how to recruit and support new volunteers.

Sign up today and become a more successful board member. Register here: [CAI Board Leader Certificate](https://caicentraloregon.org/board-leader-certificate.html) or <https://caicentraloregon.org/board-leader-certificate.html>

## Update of the Month: Insulating Sprinkler Lines, Attics, and Crawl Spaces



With the cold temperatures we experienced this month, it is vital to properly insulate sprinkler lines, crawl spaces, and attics in buildings. When a building does not have proper insulation, it can also cause moisture build up and promote mold growth. If caught too late, this can lead to other structural issues that the association must address. Repair costs from these issues can be a financial shock to the community. If an association experiences a loss in one unit or building due to lack of insulation, the issue could be systemic. Ensure this problem does not happen in other buildings.

During Oregon's recent January storms, uninsulated sprinkler lines froze and ruptured at several properties. The ruptured sprinkler lines caused damage and generated claims for many associations. Many claims could have been avoided if the lines had been properly insulated. In addition to uninsulated sprinkler lines, crawl spaces and attics also need to be insulated. Lack of insulation in an attic is a major cause of ice damming which occurs on gutters and roofs. Ice damming can ultimately lead to water damage in a building or unit. For more information on ice damming see *Common Claim: Ice Damming* in ABI's December 2022 newsletter.

## An Owner's Burning Question



**Question:** A pipe broke in an association's common area and caused me to pack my personal belongings and store them off site. Who will pay for this?

**Answer:** The HO6 policy that owners should be required to carry, provides coverage for the owner's personal property. Under no circumstances will an association's property policy provide coverage for the personal belongings of another who is not in the association's control. Moving and storage costs of personal property can be covered under a personal homeowner policy within the coverage limit. It's a great idea to take full inventory of your belongings in your unit and make sure your coverage is sufficient within your personal policy.

## Claim Corner: Fire Caused by Arson

When someone deliberately sets fire to a property, this is called arson. Insurance companies have exclusions or conditions within the insurance policy that will not pay for damages if arson was committed by the named insured. We have seen circumstances in associations where an owner or stranger set fire to a unit or building causing severe property damage. An association's insurance policy could likely respond to damages if the person who committed arson was not on the Board and did not collude to collect insurance funds or seek replacement property.

Communities located in high crime areas need to discuss ways to reduce the risk of future property damage. This could include fire and water damage from broken lines such as sprinklers. Insurance companies do consider crime within their underwriting parameters for property and casualty policies. Underwriters ask questions about security measures a community is taking to reduce their risk.

Has your community discussed risk reduction ideas to reduce claims? For more risk reduction ideas see *Update of the Month: Security Cameras* in ABI's November 2023 newsletter.



## We Want Your Input!

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

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