



Your local
provider for
condominium
and association
insurance.

APRIL 2025 NEWSLETTER
INDUSTRY NEWS, TIPS, TRICKS, & RESOURCES

The Differences Between Preferred and Surplus Lines Policies

As an insurance broker, our job is to find appropriate insurance coverage at the best possible rates for our insureds. With access to dozens of insurance carriers, ABI Insurance can find coverage for most community associations in Oregon and Washington. This includes associations that are difficult to place. Our appointment with carriers who offer preferred policies (also called standard policies or admitted policies), as well as carriers who offer surplus lines policies (also called high-risk policies or non-admitted policies) makes it possible for ABI to find coverage for most associations, even those in the high-risk market.

Whenever possible, securing admitted policies for your association is ideal. Admitted policies typically offer the most comprehensive coverage for the lowest premiums. Another benefit is that carriers who write admitted policies must comply with state laws set by the department of insurance in the state where the policy will be written. The state regulates admitted policy forms, financial requirements, and the rates these carriers can charge. Carrying an admitted policy is a requirement of most states unless an association does not qualify. Most states require proof of "diligent effort" from a broker to place an association with a carrier admitted by the state before they will allow a non-admitted carrier to write a surplus lines policy.

The International Risk Management Institute (IRMI) defines surplus lines insurance as "...coverage lines that need not be filed with state insurance departments as a condition of being able to offer coverage." Carriers that sell surplus lines policies in a state where they are not admitted are not subject to the same regulations as admitted carriers. This allows them to offer policies that are more specialized to meet certain demands, as well as charge significantly higher rates to justify insuring high-risk communities.

IRMI states, "The types of risks typically insured in the surplus lines insurance markets can usually be categorized as risks with adverse loss experience, unusual risks, and those for which there is a shortage of capacity within the standard market." Associations that often have difficulty getting a quote for an admitted policy are those with costly or frequent claims within the last five years or those that have qualities or characteristics that most standard carriers decline to insure. Examples include:

- Associations located on the coast or in wildfire zones
- Those with galvanized plumbing or Stab-Lok electrical panels
- Associations with buildings over four stories that are not sprinklered
- Associations that were built over 30 years ago

Although surplus lines policies are often more costly than admitted policies, they can still be written to comply with an association's governing documents and can keep an association from going uninsured. Your association's agent can advise on what types of policies the association qualifies for in the current insurance market.

JOIN US



ABI Insurance Parking Lot
4800 SW Griffith Drive, Beaverton, OR 97005
Questions? 503.292.1580

ON SATURDAY, MAY 31ST, BRING YOUR SENSITIVE DOCUMENTS FOR SHREDDING AND LET US QUOTE YOUR INSURANCE.

Maintain Trees to Reduce Property Damage and Liability Risk



Are your association's trees trimmed and maintained at least annually? If not, the board may want to consider implementing an annual tree maintenance program by a certified arborist.

Carriers view trees as a liability when they are too close to association buildings and roofs and have the potential to cause or contribute to property damage.

Some causes of property damage from trees include:

- Damage from falling limbs
- Roof damage from limbs growing too close to structures
- Damage to foundations and sidewalks from root systems
- Increased fire damage risk from the spread or ignition of a fire

Typically, carriers require trees and branches to be cut a minimum of 10 feet from a structure, but the distance required varies by carrier. Recently, some carriers stopped accepting any amount of tree overhang, even if the limbs are greater than 10 feet above the roofs. We predict that carrier guidelines around trees will continue to become stricter. Plan ahead to avoid future insurance challenges.

Spring Home Checkup

Spring is here and some people think of cleaning. That's important, but there's something even more significant to keep in mind: home maintenance. With daylight-saving time, you may have changed the batteries in your smoke and carbon monoxide detectors. Now it is time to give your home a checkup. Here are some suggestions from the Department of Housing and Urban Development.



Interior and appliances

- If you have a basement or crawlspace, check for any signs of standing or dripping water.
- Pull your dryer out and clean the exhaust hose and vent (lint found here is a common cause of house fires).
- Vacuum refrigerator/freezer coils for efficiency.
- Clean exhaust fan outlets and screens.
- Check all air filters and replace them, if necessary.
- Schedule an inspection for your air conditioning unit.

Roof, siding, windows

- Schedule a professional inspection for your roof and chimney.
- Go into the attic. If there is visible moisture or discoloration, your roof might be leaking.
- Examine the paint on your siding and trim. If it is peeling, you might need new paint to protect against the effects of the weather.
- Check for leaks around window and door sills. Improving your seals can lower your energy bills.
- Clean window and sliding door tracks. Dirt and debris can accumulate in the tracks.

Yard and exterior

- Check for signs of rodents and other pests.
- Hire a pro to clean debris from gutters and downspouts, and make sure downspouts are draining away from the home.
- Trim overhanging tree branches and shrubs. Keep shrubs and bushes trimmed at least twelve inches from the unit.

If you inspected your home after Portland's February snow, you may have spotted problem areas. These areas often result in wear and tear that homeowners can miss if they aren't looking closely. It's well worth it to spend a little time on home maintenance this spring, so that wear and tear doesn't turn into something more serious.



503.292.1580
4800 SW Griffith Dr., Suite 300
Beaverton, OR 97005

abipdx.com



Vern Newcomb
Association Director

CIRMS® Certified
An expert in your corner

vern@abipdx.com