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INDUSTRY NEWS, TIPS, TRICKS, & RESOURCES

The ABC's of Building Ordinance or Law Coverage

A standard property insurance policy is a valuable tool and financial safety net that protects your association against unexpected damage and loss to your property. Policies are written in a way that the insurance carrier is responsible for returning the covered property to its original condition before the damage occurred. While this sounds great, what happens when the building cannot be returned to the same condition due to new laws and building ordinances?

Over time, new laws and building ordinances get put into place by local governments as new technology and safety measures are developed. This could be something minor like requiring hardwired smoke detectors, or something major like new seismic resistance structural requirements, which could drastically increase the cost to rebuild.

Since a standard policy is obligated to return the building to its original state, these additional costs for new requirements would not be covered. Luckily, there is an optional coverage offered by carriers called Building Ordinance or Law Coverage which accounts for this situation. This coverage is composed of three main parts that are detailed below:

- **Coverage A – Undamaged Portion of Building:** This covers the cost to demolish any undamaged portion of a building that must be torn down to properly repair or replace a damaged building. Many municipalities require an entire building to be rebuilt if a certain percentage of the building is damaged.

- **Coverage B – Demolition Coverage:** This provides coverage for the cost to rebuild the undamaged portion of a building that was demolished. Since the undamaged portion didn't experience a "loss" or "damage," a standard property policy would typically not provide any coverage for it.
- **Coverage C – Increased Cost of Construction:** This covers the extra costs associated with rebuilding the structure according to any new ordinances or laws that need to be met.

If you have a building that is over 10 years old or was converted from an apartment project, the building code changes could be substantial. It is best to be prepared with Building Ordinance or Law coverage.

For more information on this coverage, please contact us at 503.292.1580.

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How Community Associations Are Preventing Insurance Claims

Community associations play a vital role in maintaining safe, well-managed neighborhoods, and one of their top priorities is reducing the risk of costly insurance claims. Claims related to property damage, liability, and accidents can significantly impact budgets and lead to higher premiums for everyone. To combat these risks, associations are adopting proactive strategies that focus on prevention rather than reaction.

Routine Maintenance and Inspections

Preventive maintenance is the cornerstone of claim reduction. Regular inspections of plumbing, roofing, electrical systems, and common areas help pinpoint issues before they become a problem. Associations should be scheduling these inspections on a consistent and regular basis.

Safety Enhancements in Common Areas

Common spaces such as pools, gyms, and playgrounds are high-risk zones for accidents. Associations should be installing proper signage, maintaining equipment, and ensuring compliance with safety standards. Slip-resistant surfaces, adequate lighting, and secured handrails are simple measures that significantly reduce liability risks.

Resident Education and Communication

Educating residents about safety and maintenance responsibilities is another way to prevent claims. Some associations use newsletters, social media, and community meetings to share tips on preventing hazards, such as reporting leaks promptly or securing personal property. Clear communication fosters a culture of awareness and cooperation.

By prioritizing preventive measures, community associations safeguard property values, maintain resident trust, and keep insurance costs under control. Proactive management isn't just smart, it's essential for long-term financial stability.

Why Annual Plumbing Inspections Matter

Did you know that small plumbing issues can turn into BIG problems if left unchecked? Community Associations should prioritize plumbing inspections to safeguard property value, prevent costly repairs, and ensure resident safety. Plumbing systems are the backbone of any residential community, and undetected issues and can cause significant damage.

During a plumbing inspection, professionals typically check for leaks, corrosion, and water pressure issues throughout the system. They inspect pipes, faucets, toilets, and water heaters for signs of wear or damage, test shut-off valves and ensure drains and sewer lines are clear. The inspection also includes checking for proper insulation, looking for hidden moisture that could lead to mold, and verifying that all fixtures meet safety and efficiency standards.

Regular inspections help identify problems early, extend the lifespan of infrastructure, and maintain compliance with local regulations. By investing in proactive plumbing care, associations demonstrate responsible management to avoid unexpected repair bills and provide residents with peace of mind.



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