



January 2025 NEWSLETTER



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Clubhouse Updates and how Neglecting can Impact your Community

The clubhouse in a community—whether part of a condominium, homeowners association, or planned unit development—can become a liability rather than an asset if necessary updates are neglected, jeopardizing eligibility for preferred insurance policies and creating financial strain on the community. To secure favorable coverage, insurance companies expect updates to critical components such as plumbing, electrical, HVAC, and roofing systems. While exterior updates are also important, maintaining these core systems is essential for risk management and insurability.



Insurance carriers are raising safety standards, particularly for structures built before 1990, including clubhouses. Many carriers now require updates to plumbing, electrical, and HVAC systems and, in some cases, expect renovations to have been completed within the last 20 years. Roofs are another key focus, with insurance companies often requiring updates and inspections once they reach 20 years of life. Associations that neglect these updates risk facing significant financial and operational consequences.

Without recent updates, communities may lose access to standard insurance policies and be forced into the high-risk insurance market. High-risk policies come with increased premiums and reduced coverage options, placing an unnecessary financial burden on the association. Worse, the additional premiums spent on high-risk insurance could have been better allocated to proactive inspections, maintenance, and updates, ensuring compliance with insurer expectations.

Planning for Updates: A Proactive Approach

To avoid these challenges, associations should prioritize clubhouse updates in their long-term planning and reserve studies. Regular inspections and maintenance of plumbing, electrical, HVAC systems, and roofs are essential not only for the clubhouse's safety and functionality but also as a tool in negotiating more favorable insurance terms. Proactive planning helps the community remain competitive in the insurance market while avoiding costly surprises.

Clubhouse updates go beyond aesthetics—they are a critical element of risk management and financial stability for community associations. Completing these improvements proactively ensures the clubhouse remains an asset and protects the community from potential insurability issues.

Owners Question

Q: How do claims work with a pipe between unit walls breaks?

A: When a pipe located between unit walls in a community association breaks and causes water damage, the handling of the claim depends on the association's governing documents and insurance policies. Regardless of the association's insurance coverage, owners will likely need to cover some portion of the damage, whether it's the association's deductible or repairs within their unit. Owners should promptly notify their HO-6 carrier to initiate a claim and begin the process with an insurance adjuster. It's equally important to inform the association and/or management company, as their involvement may be required, and any delay could complicate the claims process on the association's policy.

Responsibility for repairs or the association's deductible is typically defined by governing documents and insurance resolutions; however, in most cases, each affected unit is responsible for its own repairs unless negligence is determined. Clear communication about maintenance responsibilities and insurance coverage is crucial to prevent misunderstandings and ensure a smooth claims process.



Claims Corner

When it comes to using electrical outlets and power strips, many of us rarely think twice. However, overloading plug-ins—especially when charging high-draw devices like batteries—can lead to devastating consequences and be a life safety concern for neighbors.

In an unfortunate recent claim, an association experienced a garage fire that was caused by plugging multiple batteries into a surge protector power strip. Batteries, especially those for power tools, scooters, or other high-capacity devices, draw significant electrical power while charging. Standard power strips, particularly lower-quality ones not rated for heavy loads, can overheat under this strain. In the garage fire, the power strip failed, sparking a fire that quickly engulfed the space, causing extensive damage to the home and property.

Best Practices for Safe Plug-In Use

To prevent similar incidents, it's critical that owners and tenants follow these safety tips when using power strips and charging high-demand devices:

- 1. Understand the Power Capacity:** Check the wattage or amperage rating of your power strip or surge protector and ensure it can handle the total load of connected devices. Avoid using standard power strips for heavy-duty items like battery chargers.
- 2. Avoid Daisy-Chaining:** Never plug one power strip into another to extend outlets. This can drastically increase the risk of overloading the circuit.
- 3. Use Proper Charging Stations:** For high-draw devices like power tool batteries, invest in dedicated charging stations designed to handle the electrical load safely.
- 4. Unplug When Not in Use:** Disconnect battery chargers and other devices when charging is complete to reduce unnecessary strain on your electrical system.
- 5. Inspect Power Strips Regularly:** Replace power strips that show signs of wear, such as frayed cords, scorch marks, or loose sockets. Use only UL-certified or equivalent-tested devices to ensure quality.
- 6. Keep the Area Ventilated:** Avoid charging batteries in confined spaces where heat can build up, and always place chargers on non-flammable surfaces.

Overloading power strips may seem like a minor oversight, but as this garage fire demonstrates, the consequences can be catastrophic. By sharing this knowledge and raising awareness, we can help reduce the risk of electrical fires and keep our homes and communities safe.

Update of the month: Carbon monoxide detectors

Are you sure your home is protected from the dangers of carbon monoxide? This colorless, odorless gas can be deadly, and many insurance policies require carbon monoxide (CO) detectors for your safety. Failing to install them could even impact your insurance coverage.

To protect your family and meet safety standards, install CO detectors near sleeping areas and on every level of your home. Remember, smoke detectors and CO detectors serve different purposes and need to be installed separately for proper protection. CO detectors provide early warnings of dangerous gas buildup, giving you time to act and ensuring your home stays safe – and your insurance remains compliant.

Community association boards, particularly those with attached units, are encouraged to include this message in an upcoming community communication to remind owners of this important safety requirement and expectation.



CAI Board Leader Certificate

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Feb 1st

Board

Leadership Course

This full-day course is designed to enhance the knowledge and skills of volunteer Board members within community associations. Investing in the Board's education is essential for every community because an educated Board is the foundation of a successful association!

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