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How to Get Out of the High-Risk Insurance Market



If your condominium association finds itself in the high-risk insurance market, the first—and most important—question to ask is: Why are we here? Understanding the root cause is essential to creating a path forward. Sometimes, the risk classification stems from factors outside your control, such as wildfire exposure, geographic location, or the building's original construction. But more often, there are internal factors within the association's control that can be addressed to improve insurability and open the door to more competitive pricing in the standard or preferred insurance market.

The two biggest reasons associations end up in the high-risk market are **poor loss history and aging infrastructure**. Frequent or severe water damage claims, often due to deferred maintenance or outdated systems, raise red flags with underwriters. These losses suggest a lack of proactive care, which can make coverage both more expensive and harder to secure. Associations should evaluate major building systems—roofs, plumbing, and electrical—and develop a documented plan for ongoing upkeep and replacement. Insurance carriers are expecting these components to be updated or inspected at the very least if older than 20 years. Governance also matters: failing to maintain adequate financial reserves or ignoring reserve study recommendations can weaken your insurance profile. Insurers expect both associations and individual unit owners to take shared responsibility for the condition of the property.

Action Items for Association Board and Owners:

- Review your **claims history** and identify patterns or preventable losses
- Develop and implement a **comprehensive maintenance plan**, going beyond reserve study requirements
- Engage **unit owners in risk management**, and maintain a **documentation log** of repairs, inspections, and improvements
- Consider **strategically increasing your deductible** to reduce the frequency of small claims
- Work with a **specialty insurance broker** who understands community associations and provides support outside of just renewing the insurance policy—this can make all the difference in placement and claims.

Improving your insurance position takes time and consistent effort—but it's absolutely possible. With the right strategy and a proactive mindset, your association can move out of the high-risk market and secure broader, more affordable coverage options, better protecting the community.

Unit owner question

If the association has insurance, why do I need my own policy?



While the association's master policy typically covers common areas and, in some cases, the structure of individual units, it doesn't protect everything. Unit owners may be responsible for the interior of their unit or for damage up to the amount of the association's deductible—especially if the governing documents require owners to insure their own units. An HO-6 policy helps bridge these gaps by covering interior damage, personal property, temporary housing, and special assessments that all owners may be collectively responsible for. Your community's governing documents should outline these insurance requirements. Be sure to check with your community manager to obtain the association's insurance summary and work with your personal agent to ensure you have the right protection in place.

Coverage Corner: Assault and Battery Exclusion

Many condominium associations are unaware that their general liability or umbrella insurance policies may include an Assault and Battery Exclusion—a clause that removes coverage for any claims involving physical altercations, even if the association wasn't directly involved. This exclusion can leave associations financially responsible for legal defense and settlements if, for example, a resident is assaulted in a common area or a guest is injured during an incident on the property. In today's legal climate, associations are often named in lawsuits regardless of fault, making this exclusion a serious financial exposure. In one real-world case, two residents got into a physical altercation near the community clubhouse during a heated dispute. Although the association had no role in the fight, it was still sued for allegedly failing to provide adequate lighting and for not having a proper response protocol—resulting in tens of thousands of dollars in legal and settlement costs, none of which were covered due to the exclusion.



It's critical for boards to know whether their policy includes this exclusion and understand the implications for their community. Associations with security patrols, shared amenities, or high resident density can be especially vulnerable. In some cases, coverage may not be available to purchase—but even then, associations can take proactive steps to reduce their exposure through clear protocols, adequate lighting, proper signage, and documented incident response plans. Without coverage, litigation costs come directly from association funds, putting every homeowner at risk.

Update of the month: Small Filters, Big Impact: Preventing Claims with Simple Maintenance

Some of the most common—and costly—insurance claims stem from preventable water damage caused by overlooked household components. Replacing filters and inspecting water lines might seem minor, but these simple tasks can save thousands in repairs and help avoid insurance headaches.

- **AC/HVAC Filters:** Replace every 1 to 3 months. Dirty filters can reduce airflow, strain the system, and cause condensation leaks.
- **Refrigerator Water Lines:** Inspect annually and replace every 5 years. Old or kinked lines often crack, leading to hidden water damage.
- **Water Filters:** Found in refrigerators or under-sink systems—change every 6 months to avoid buildup and pressure issues that may lead to leaks.
- **Dishwasher Supply Lines:** Inspect yearly and replace every 5 to 7 years. A failed hose can quickly flood a kitchen.



Taking a few minutes each season to check and replace these items is one of the easiest ways owners can help prevent water damage, reduce claims, and protect both their home and the association from unnecessary risk. Keep documentation as an owner of these replacements and inspections.

Industry Events

May
1



Central OR Axe Throwing
Have a great time throwing axes and networking. Bring a non-member!

May
9



Western Oregon Luncheon
Understanding Financials

May
15



LAC Update & Fundraiser
Join the Legislative Action Committee with the urgent call to action for HB3746

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SARA EANNI, CIRMS, MBA



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