

Protecting Community Associations: Liability Risks Brokers Need to Know

Thank you for joining us!

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Hello Everyone and Thank You For Joining Us!

My name is Allie De Sieno, I am the Assistant Vice President of Marketing Communications at Distinguished Programs, where I lead marketing communications initiatives and support the development of integrated marketing strategies across the organization. I joined Distinguished in 2021, bringing with me more than six years of marketing experience within the financial services industry, where I held a variety of marketing roles.



Host - Allie De Sieno

AVP, Marketing Communications
Distinguished Programs

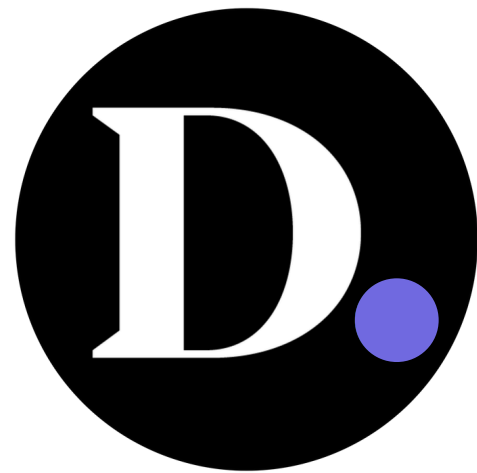
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Please Note:

- We will be sending all registrants a copy of the slides, the webinar recording, and a PDF with the questions and answers from today's session.
- If anyone has a question during the presentation please use the Q + A button on the bottom of your screen.



Distinguished Programs



Distinguished Programs is a leading national insurance Program Manager providing specialized insurance programs for Real Estate, Community Associations, Hotels, Restaurants, Cyber Liability, Fine Art and Collectibles, Inland Marine, Executive Lines, Crisis Management, Surety Bonds, Marine Cargo, Transactional Risk, and Environmental and Construction Professional insurance.

More information on these programs can be found on the Distinguished website.

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Meet the Experts



Barbara Bartson

President,
Community Associations Program



Susan Merisko

Business Development Manager,
Community Associations Program

What is Liability?

Liability is the association's **legal responsibility** to maintain common property, oversee operations and comply with its governing documents, including the Covenants, Conditions & Restrictions (CC&Rs).

If the association fails to fulfill these responsibilities and that failure causes harm or loss, it may be found **negligent and held liable**, potentially resulting in lawsuits.

Aging Buildings

- Unstable structure
- Increase hazards
- Poor life safety
- Not up to code
- Harmful building materials, ie. Asbestos
- Poor maintenance





Slip & Fall

- Frequent
- Significant injury
- Older individuals
- Preventable



Security

- Security negligence
- Poor lighting
- Improper controls
- Lack of monitoring
- Implied Protection

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Swimming Pools

- Drowning
- Severe injury
- Trip/Fall
- Improper Safeguards
- Poorly maintained
- Rules not enforced
- Unprotected
- Lifeguards





Rentals

- Unfamiliar with rules and grounds
- Unwanted visitors
- Disturbance to residences
- No pride in ownership

Water Damage

- Extensive property damage
- Construction defect
- Expensive clean up
- Mold



Can a Property Claim Be a Liability?

An older community had some pipes begin to deteriorate.

Over several years, the unit owners reported small leaks and water stains, but comprehensive pipe replacement was deferred to avoid a special assessment.

During a cold winter weekend, the pipes burst on the third floor.

- Water flowed for several hours
- Multiple units were flooded
- Drywall, flooring, personal belongings were damaged
- Water seeped into electrical systems
- Mold began to develop



What Coverages Are Triggered?

Property

Property Damage

General Liability

Association's
Negligence

Directors & Officers

Wrongful Acts of
the Board

Umbrella

Severity

Property

- Property damage to building
- Loss of use of common buildings

General Liability

- Slip/fall hazard increases
- Mold and associated health concerns
- Damaged personal property of unit owners
- Relocation expense for unit owner



Directors & Officers

- Board's awareness of poor condition
- Failure to maintain property

Umbrella

Severity liability. Any of the small incidents have the potential to be a large loss.

- Slip and fall of an elderly person
- Mold over multiple years
- Construction defect
- Structural damage to building
- Many years of negligence



So..... What Can the Boards Do?

Be Prepared

- Review and be familiar with the association's governing documents
- Educate volunteer board member on loss prevention
- Conduct regularly scheduled property loss control inspections
- Document and communicate clearly with homeowners

Properly Manage Operations Budget and Financial Planning

- Maintain and ensure adequate reserves
- Don't defer. Schedule necessary maintenance, improvements and repairs
- Appropriately raise and collect assessments

Secure Proper Insurance Coverage

- Identify possible coverage gaps and potential financial impact on the association

Ensure Contract Clarity With Property Management and Vendors

Unexpected....



Distinguished Community Associations Program

- National Program Administrator
- Expertise in Hazards and Exposures
- Multi-Product Solution
- Customized Products and Tailored Coverage
- Dedicated Team of Specialized Underwriters
- Financially Sound Insurance Carriers
- Community Associates Institute (CAI) member

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The Insurance Solution

A community association's financial protection

Package

Directors & Officers

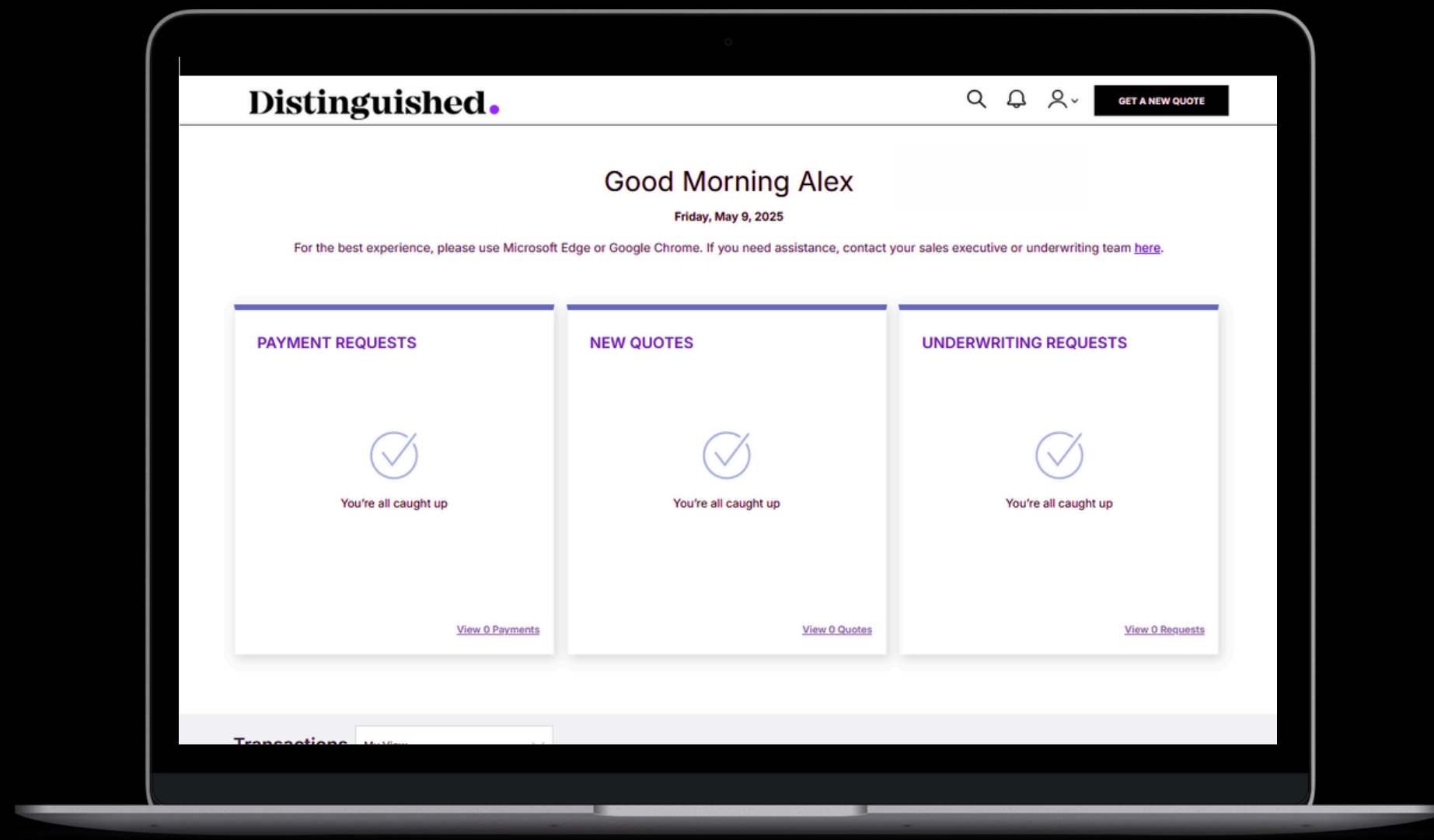
Crime

Umbrella

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Have Additional Questions?

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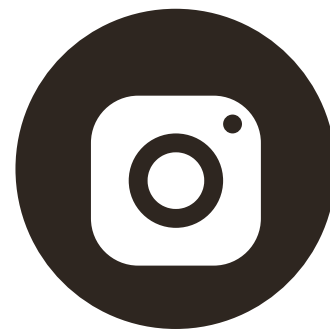
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Thank you to everyone who joined us for today's webinar. Thank you for your time and have a wonderful rest of your day!

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