



# V N E W S O F V A L U E

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## SUMMERTIME IS A GREAT TIME TO BE WET—BUT NOT INSIDE YOUR BUILDING

How much money does your community association spend repairing water damage? Chances are, no matter how much is being spent, it's too much. The risk of water damage can be eliminated or reduced by doing preventive maintenance and preparing for summer storms—don't wait until there is an emergency.

### How serious is water damage to community associations?

Research by USI/Morgan & Cheves shows that **water damage is the highest cause for loss, comprising 44 percent of the millions of dollars of total incurred losses each year.** Fire accounts for 29 percent, and falls account for 5 percent.

### What type of water damage is occurring?

Six types of claims cause 68 percent of all water damage:

- Plumbing pipes (19 percent);
- AC/water heater (15 percent);
- Toilet (10 percent);
- External drain (9 percent);
- Internal drain (8 percent); and
- Wind driven rain (8 percent).

Most of these losses occur “behind the door”—inside the owners' units.

### What can we do to prevent losses?

In order to prevent losses and save your community association money, consider implementing the following solutions:

- annual sewer and drain inspections and repair;
- monthly air conditioner and condenser inspections in all units; and
- annual inspection and repair to roof, siding, windows, and skylights.

### What will insurance cover?

Individuals who live in a community association may assume they and their possessions are covered against loss by the association's master policy. Usually, this is not the case. A community association must provide insurance coverage against typical hazards and perils that might affect an individual owner of a residence, but this coverage does not usually extend to personal property or personal liability, and the deductible may be the individual unit owner's responsibility.

The master policy is designed to protect owners against liability claims arising out of membership in the association. For example, if somebody slips and falls in a common area, the master policy will usually indemnify and defend all owners against a liability claim for bodily injury that might result. However, should a resident inadvertently leave the water running in the kitchen sink, allowing water to overflow, the master policy will not afford protection against the claim from the resident in the unit below for damage to personal property or the expensive wallpaper he or she installed.

It is up to the board of directors of a community association, with the assistance of a qualified insurance advisor, to purchase insurance that conforms and complies with all recorded document and statutory insurance requirements.

### Where should I go for more information?

Controlling water losses is of critical importance to community associations. If you have any questions or need further information, please contact Doug Thompson (703-739-2341 or [dthompson@usisoutheast.com](mailto:dthompson@usisoutheast.com)) or Steve Dickerson (703-739-2346 or [sdickerson@usisoutheast.com](mailto:sdickerson@usisoutheast.com)).

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