

Co-op/Condo Insurance and Reducing Liability: A Print 'Em Out Checklist

May 27, 2009- Co-op and condo apartment buildings large and small face the inevitable fact that it's not a matter of whether your building suffers an insurance-related loss, but when. So how do you manage an unforeseeable occurrence before it happens? By doing a building and grounds checkup at least twice a year.

Patricia Batih, an executive at the insurance company Mackoul & Associates and a former personal-insurance underwriter, here offers 10 tips for foreseeing the unforeseeable. "You can easily do these in preparation for the summer and winter seasons," she says, "to determine the risk factors your building may face."



Here are some of the most common causes of claims facing co-op and condo boards. Go through this checklist and make sure you're at least aware of the risk in each of these 10 categories.

1) Building Security

Burglaries, robberies and muggings are an unfortunate fact of life, and it's the board's responsibility to provide a secure living environment. Intercom systems, locked doors and keypad entry are a start, but they can also provide a false sense of security. Closed circuit television and/or a 24-hour doorman are proven deterrents.

2) Walkways, Parking Lots, Garages

Proper lighting of your sidewalks and parking areas is important in protecting against slips, trips and falls. Make sure any debris is removed, and immediately repair any cracks or lifts in the pavements or floors. When considering security cameras, don't forget to include these areas. If you have an open-air lot instead of a locked, enclosed garage, consider installing a parking-lot gate or arm that requires an identifying card to open.

Snow removal companies will plow roads and parking lots, but they do not normally provide service to the walkways. To prevent a slip and fall in this area, I strongly recommend that a professional de-icing product be used prior to or at the start of a storm, and it should be re-applied after every shoveling.

3) Boilers

Annual boiler inspections encourage preventative maintenance and help promote safety and efficiency, all of which decrease the probability of breakdowns. Setting standard maintenance procedures can also prove beneficial to you in the event of a claim. Many buildings today carry "Systems Breakdown Coverage," which covers damage caused by malfunctions or breakdowns in equipment such as boilers, elevators, central air-conditioning equipment, steam pressure and hot water vessels. Aside from covering property damage caused by the breakdown and loss of business income while repairs are made, it also covers expenses incurred by emergency repairs.

4) Elevators

Perform preventative maintenance regularly. When doing so, make sure notices are clearly posted and residents are aware of any issues. Violations can be a significant safety hazard and need to be addressed

immediately. If there is ever an unfortunate occurrence, put your agent and insurance carriers on notice regardless of the claim's merit. You never know what will lead to a lawsuit, and if the carrier was not put on notice they could decline a claim for late reporting.

5) Stairwells

Although smoke alarms are required in most units, I am amazed how many buildings do not have them on each landing. Since smoke travels so rapidly, it is the major killer when it comes to fires, not the flames. Residents on upper levels may not be able to hear the smoke alarm from a unit below, giving them less time to react.

Another safety feature I would like to see more of is emergency lighting and illuminated exit signs. During a fire, people tend to panic, but by providing the proper lighting you can save lives and people can exit the building safely. If your building is investing in emergency lighting, be proactive and install a combo unit that includes illuminated exit signs. More and more insurance carriers prefer to see both installations in buildings, especially if the building is over six stories.

6) Roof Decks

Insurance carriers often look at roof decks as a huge liability exposure and will usually require at least a four-foot railing atop the parapet. Assuming that your building's roof deck was approved by an engineer and installed by a contractor who specializes in roof decks, you still need to take precautions. Debris from plants must be tended to often, as leaves can clog drains, which in turn can cause leaks and floods. Rules should also be posted addressing cooking, clean-up requirements, alcohol, age restrictions and hours of admittance.

Also, many buildings today use gravel and stone to cover the roof membrane. Be aware that the rocks make it harder to find leaks when they occur and also interfere with proper roof maintenance.

7) Community Rooms, Party Rooms

Boards should require that residents who want to use such a room provide proof of insurance coverage with a minimum limit of liability of \$500,000. Factors such as the number of people attending, the nature of the event and whether alcohol will be served may dictate the need for the resident to take out a "Special Events Policy." These provide insurance for bodily injury and property damage for the day of the event and will name the building as an additional insured.

8) Swimming Pools

This breaks down into safety, staffing and maintenance. New York State Health codes require that every facility have a Certified Pool Operator (CPO) involved whether, it be a superintendent, a board member or an employee. Many buildings hire an independent pool management company to handle the day-to-day operations and keep the facility up to regulatory standards.

9) Playgrounds

Faulty equipment, improper surfaces and unsupervised children can lead to an unforeseen visit to an emergency room and most likely will result in a lawsuit. You need to look for things that can entangle, impale or entrap a child. Check for broken equipment and make sure intact equipment show no signs of weakening, splintering or rusting.

Rubber surfacing mats and tiles that are safety tested should be mandatory. This is also a common requirement with most insurance carriers. For more information of this topic you may want to check out the

U.S. Consumer Product Safety Commissions (CPSC) website and search for “playground safety.”

10) Recreational Facilities

The rules and regulations should be posted for everyone to see. These rules should contain an age requirement, hours of operation and whether or not guests are allowed. Door should remain locked when the facilities are not in use, or lock automatically when closed. Equipment should be in full working order and inspected regularly. Pay special attention to locker rooms, showers, saunas or steam rooms by keeping the floors dry and slip-free. This can be difficult when you have multiple residents using the facilities at a given time.

All told, minimizing your co-op or condo’s liability it is a joint effort between the board and the residents. Everyone needs to work together and develop a plan to address any existing exposures. The old adage holds true, “An ounce of prevention is worth a pound of cure.”

*Patricia M. Batih is vice president of sales and marketing at **Mackoul & Associates, Inc.** She is a member of the **New York Association of Real Estate Managers (NYARM)**, and represents her firm as an Industry Partner with the **Institute of Real Estate Management (IREM)**. A speaker and lecturer, she also provides educational seminars to property management firms on insurance related issues. This is adapted and greatly expanded from her article “**An Ounce of Prevention**” in the Mann Report, October 2008.*