



Risk Management for “Interesting” Times

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SOCHER
California’s Leader in HOA Insurance



A Little Risk Goes A Long Way

- “Risk comes from not knowing what you’re doing.” Warren Buffett
- Seek out advice from experts, follow that advice.
- If a board decides not to follow the advice, document the reasons.
- Evaluate insurance policies, if one policy is less expensive find out why.
- Consider purchasing an umbrella policy, not an excess policy.
- Yes, you need workers compensation.
- Review and implement insurance guidelines and inspect project yearly.

Love Me Tender

- Insurance carriers more aggressive to deny claims.
- Tender is different than notice of potential claim. If a potential claim is not reported that can serve as the basis to deny a claim.
- A poorly drafted tender can serve as the basis of denial.
- Prepare a proper tender, retain counsel to assist in drafting the tender.
- Avoid a denial.
- How to respond to a denial.

Analyze the Risk

- PUD vs. Attached Dwelling (condo/townhouse)
- Review governing documents.
- Correct name of association in policy.
- Communicate insurance provisions and requirements in letter to owners or better yet, allow agents to talk (close gaps).
- Crime/Fidelity Bond Insurance. Include covered employees and third party coverage.
- Be sure policies are broad and understand exclusions.
- Review the limits of insurance and coverage each year.
- Deductibles (options).

Construction Contracts

- Require on-going operations (during work) and completed (starts after work is done).
- State requirement contractor insurance primary and waive subrogation against association.
- Be sure adequate errors & omissions insurance if work requires design.
- Construction manager may not have design coverage.

Construction Tips

- Changes in indemnity law in 2013 changed risks.
- No more Type 1 indemnity. Board Members need to follow advice of experts (safe harbor).
- Parties now responsible for fault, no shifting of sole negligence or willful misconduct.
- Changes to timing of demand for indemnity.
- Effective Jan. 01, 2018 new law limiting design professional liability Cal. Civ. Code § 2782.8.
- Important bid documents include draft contract.

Planning, Maintenance & Risk Avoidance

- Street Storm Drains
- Concrete Lined Drainage Swales
- Gutters and Downspouts.
- Drain inlets.
- Warning signs you may be heading for trouble.
- “An ounce of prevention is worth a pound of cure.” Ben Franklin

Questions?

