



**PROPERTY MANAGERS**

# 5 Insurance Tips for Older Buildings

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## Property Managers // 5 insurance tips for older buildings

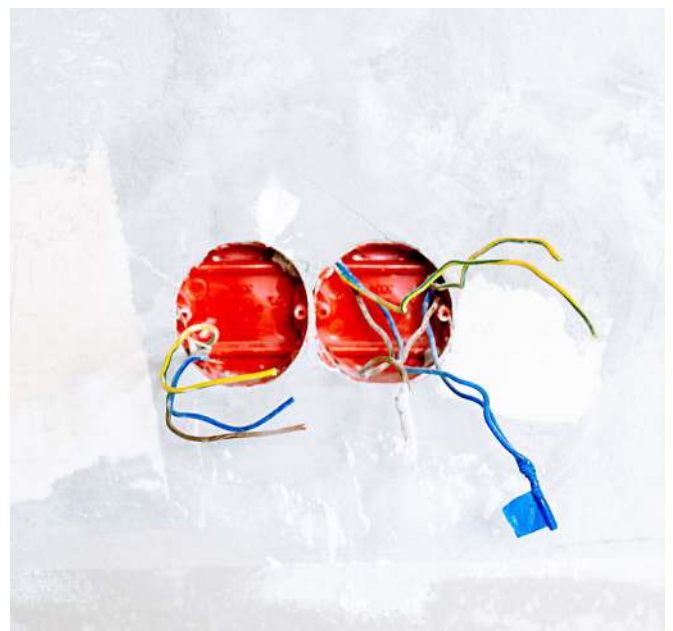
Property owners and property managers are often veterans when dealing with insurance, so chances are you are familiar with the coverages you need. It comes with the territory. You understand the risks you face, and you know how insurance can protect you. But there is more to it than just having the correct coverage. You must also ask yourself if you have the right coverage for your situation, and if you are setting yourself up to be in the best possible insurance situation – especially if you are insuring an “older” building. (By insurance terms, “older” typically means that the property was built more than 30 years ago.) Here are a few ways you can improve your insurance situation as a property manager or owner if you’re insuring an older apartment building.

### 5 strategies for property managers to improve the insurance situation of older buildings.

#### 1. Getting rid of aluminum wiring.

The type of wiring that you have in your building matters more than you might think. If you own or manage a building that was built in the 60’s-70’s, then your building likely contains (or contained at one time) aluminum wiring. During this time period, aluminum was used as a cheaper alternative to copper wiring. If your building hasn’t gone through wire remediation, your property will not be eligible for the standard insurance markets. This is solely because aluminum wiring is a major fire hazard (while copper is not). As you can imagine, insurance carriers do not want to see anything that increases your risk of fire.

It’s also important for property managers to understand what kind of remediation is acceptable to standard carriers. Only then can you plan a course of action for getting rid of the aluminum wiring and replacing it with something safer. What do you need to do to change your wiring to not only avoid a building fire, but also see better insurance rates? Please remember that even if your county or city allows the building to keep any existing aluminum wiring in place, insurance carriers will not view this as an acceptable reason to not fix a fire hazard. Ultimately, it will benefit



you to update your wiring. Not only could you avoid a building fire and all the bad that comes with it, but updating your wiring could be the deciding factor in whether you can keep your property insured through the standard markets.

(Property managers should also keep in mind that “pigtail” is not a proper means of remediation to insurance carriers. You may want to explore COPALM or ALUMINICON – these can help you lower your fire risk and keep insurance companies happy.)

## 2. Updating polybutylene piping.

Polybutylene plumbing (or “PB” plumbing) was used in the late 70’s to the early 90’s due to the inexpensive cost of the material. Unfortunately, it was found that the material is highly prone to expanding and bursting, leading to excessive water damage claims. For this reason, standard insurance carriers will not cover buildings that contain PB plumbing. Updating your plumbing can be to your advantage if it means that you could get back into the standard market, but it can benefit you in more ways than one – who wants to deal with burst pipes? Especially in multifamily buildings, you will face the possibility that multiple units will be damaged if a pipe were to burst. Once again, you need to determine the best methods of remediation by researching plumbers in your area who are not just familiar with but also knowledgeable about PB remediation.

### PRO TIP //

If you are the owner of an older apartment building, you will want to consider Ordinance or Law Coverage. This can help you cover extra expenses associated with bringing your building up to code if you had to rebuild due to a covered loss, such as a fire.

## 3. Maintaining the roof (old and new) and grounds.

The roof is the building’s first line of defense from rain, heat, hail, wind, snow, and even unwelcome critters seeking to call your building home. That’s why it’s so important to properly maintain the roof on your building, especially if you have an older roof.

However, a well-maintained roof will do more than just protect your building from bad weather. It also means that you probably won’t get as many urgent service calls from tenants to fix leaks, and you can increase the life of your roof, too. If you



have an older roof that has not been replaced since the 90s, an insurance carrier will see that the roof is nearing the end of its life, so there's a much higher chance of them having to pay out for a claim. There are two things that could happen as a result of neglecting roof maintenance: you'll have a higher insurance premium, or you will have an Actual Cash Value endorsement for your roof.



The same goes for maintaining the grounds of your building. If you maintain your grounds, you're showing not only the tenants that you care about your property, but the insurance carrier, too. Proper maintenance will help you lower your risk for liability claims since people aren't as likely to get hurt on your property. Make sure to watch out for cracks in the pavement, potholes, tree roots sticking out from the ground, and other tripping hazards. For property claims, one of the most common examples we see on inspection reports is to not let your landscapers push pine straw against the walls of the building. (Dried-out pine straw is a major fire hazard.) If you have mature trees located near any of your buildings, make sure you are hiring landscapers to trim back the branches. You can reduce your chances of facing a lawsuit or a property claim if you commit to preventive and not reactive maintenance.

#### **4. Replacing or removing wood-burning fireplaces and wood-burning stoves.**

By now, you probably understand that lowering your fire risk can help you get better insurance rates, and one way you can do that is to make sure you don't have any wood-burning fireplaces or wood-burning stoves in your rental property. According to the US Fire Administration, heating and cooking are the two leading sources of home fires, most of which were caused by misuse of a material or product – in other words, human error. Nowadays, wood-burning stoves are all but extinct in multifamily buildings, but if you have an older single-family rental dwelling, you may have run across a wood-burning stove. Wood-burning stoves require a live fire to be lit within the confines of a home (a large wooden box), so there is no surprise that insurance carriers are quick to walk away from insuring homes with wood-burning stoves.

It's also not uncommon to see multifamily properties that have fireplaces in select units, but older buildings may still have wood-burning fireplaces. These are a big negative in the eyes of standard insurance companies for the same reason they don't like wood burning stoves (fire = bad). They also require a lot of upkeep, including regular chimney sweeps. Failure to maintain proper upkeep can result in denial of a claim resulting from fireplace misuse. Yes, even if property managers instruct tenants not to use them, the mere existence of wood-burning fireplaces can result in a denial of coverage. The less chance of a fire breaking out in your multifamily building, the better.

## 5. Keeping your pool safe.

Pools are another source of risk for property managers. Older complexes may have pools that haven't been brought up to the standards set forth in 2007 with the Virginia Graeme Baker Pool and Spa Safety Act. Keep in mind that insurance carriers require all multifamily properties to comply with this law, which requires those maintaining pools to adhere to more strict safety standards.

Other pool safety features property managers will need to add to older communities include:

- Adding a secure fence around the pool (with automatic closing mechanism).
- Limiting access to residents only via a fob or keypad.
- Remembering to post relevant safety rules for pool use.
- Keeping properly maintained safety equipment within eyesight.
- Limiting pool hours (no midnight swimming!)
- Not allowing glass or alcohol on pool grounds.
- Making sure the depth markers are clearly displayed around the pool.

The list can go on and on, so it is important to familiarize yourself with these regulations and other pool safety mechanisms to ensure that your pool is meeting the up-to-date standards. By doing so, you can reduce the chance of someone getting hurt, improve safety for swimmers, and improve your insurance situation at the same time.

For property managers, getting insurance for a multifamily building, especially an older apartment building, can come with its own set of challenges. Certain features, like aluminum wiring or PB piping, can knock you out of the standard insurance market completely, and that means that on top of being at a greater risk for claims, you will also be paying a lot more for your insurance. However, being mindful of the above five things could help you improve your multifamily insurance situation so that you get lower rates. Don't ever underestimate the importance of mitigating your risk!



# Questions? Contact Us!

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