

47th Annual AHMA-PSW Conference & Expo



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Your Speaker: Megan Davidson

- More than 30 years in insurance
- CRIS [Construction Risk Insurance Specialist] Designation
- · ARM [Associate in Risk Management]
- B.S. in Economics
- More than 25 years focusing in protecting multifamily primarily affordable risks, as well as supportive housing.
- Active member of NAHMA [National Affordable Housing Management Association], member of AHMA-PSW, AHMA-WA, and Rocky Mountain Heartland AHMA
- 9-year board member of the NAHMA Educational Foundation

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THE ALLIANT STORY

Premier Specialty Broker





A national brokerage firm founded in 1925. Now headquartered in Newport Beach, CA

9,000+ Employees



Entrepreneurial. Client focused. P&L organized by industry sectors, not geography.

4th Largest U.S. P.E.C Broker



Brokerage leader in numerous sectors, including Real Estate

110+ Offices Nationally \$26 Billion

53%

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	Insurance: Why should you care?	
	☐ Property managers are responsible for day-to-day repairs ongoing maintenance, security and upkeep of the propert they manage.	and
	□ Protecting the properties you manage against avoidable or results in: □ Proventing avoidable injuries whather they are suffered by	
	Preventing avoidable injuries – whether they are suffered by employees or residents; Avoiding claims that result in time and productivity loss, as we have the suffered by the suffer	
	Avoiding claims that result in time and productivity loss, as with potential loss of profits to both the property owner and management company. i.e. units out of service while under repair, as well as potential le	
	tax credits in some cases; Making property owners happy (and ideally loss-free) keeps the long-term customers, and provides your management companithe stability to take care of their own employees.	em as ies with
	Claims = increased premiums and decreased profitabilit	
	= unhappy property owners.	
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	HABITATIONAL INSURANCE MARKET:	
	Current climate and challenges	
	PROPERTY MARKET:	
	Distressed "Sellers" market: Reduced number of ca	rriers
	writing primary habitational as well as excess liabili limited markets willing to write an entire portfolio	ty, and
	 Carriers are looking to ensure that properties are instruction to current replacement value – so that rates are ade 	ured equate
	for the risk	
	Carriers want higher deductibles to manage frequent claims	ncy
		orma
	 Climate/catastrophe-related losses such as windst hail, freezing temperatures and wildfires have significantly effected the property market 	orms,
	significantly affected the property market	. A II' ·
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5		
	HABITATIONAL INSURANCE MARKET:	
	Current climate and challenges	
	LIABILITY MARKET:	
		_
	 Distressed "Sellers" market: Reduced number of carriers writing primary habitational as well as expenses. 	excess
	liability, and limited markets willing to write an portfolio	entire
	·	
	Physical assaults on premises via strangers or acquaintances	
	·	
	Claimants quick to litigate	
	 "Nuclear" verdicts regularly breach primary lim making Excess Liability/Umbrella coverage mo 	its,
	scarce – and expensive	n C

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HABITATIONAL INSURANCE MARKET: Current climate and challenges

And More!:

- ADA advocate Claims
- Fair Housing Claims i.e. Tenant Discrimination
- · Habitability Claims
- Environmental Claims i.e. Mold, Meth, Mildew
- Employee Injuries Trip & Falls Lifting Assaults
- Cyber Claims i.e. phishing (creating fake accounts to divert money from escrow accounts)
- Crime Employee Dishonesty, Fraud, Theft of Resident or Employer property

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PROPERTY COVERAGE ("First Party" Claims) **<u>Building</u>** - Covers physical damage to the structure, including damage caused by fire, wind, hail, and other events. Contents - Covers contents owned by the landlord such as furniture, appliances, and other personal items used to service the rental property. Business Income (aka Loss of Rents) – Reimburses you for lost rental income if the building becomes uninhabitable due to a covered loss. Extra Expense – Pays for necessary expenses incurred to keep your business running after a covered loss, such as temporary repairs or relocation costs. Equipment Breakdown coverage – Covers repair or replacement costs for HVAC systems, elevators, and other critical equipment.

- Water backup and sump overflow coverage Pays for damage caused by water backing up through sewers and drains, as well as overflow from sump pumps.
- Flood Insurance Reimbursement for damage caused by flooding (most standard policies exclude flood coverage).

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LIAB	ILITY COVERAGE ("Third Party" Claims)	
	General Liability – Protects the property manager if someone (other than an employee) is injured on a managed property or you are found liable for damages caused by your negligence. (Bodily Injury & Property Damage)	
	Errors & Omissions (aka Professional Liability) – Helps defend if you are accused of making a mislake that causes confeone to lose money. For example, if you are accused of failing to address building maintenance issues, resulting in harm to the building, a claim could arms. Misrepresentations to tenants, or hiring an unqualified contractor to perform work on a building – or finish on time – could result in E&O claims.	
	Tenant Discrimination – Covers claims or allegations of discrimination based on an individual's race, creed. color, age, gender, national origin, religion, disability, martal status, or sexual preference. This claim could arrise from the influit tenant screening, the eviction of a tenant, and an origin of the country of the control of the country of	
	Wrongful Eviction – Evictions are never easy. For a property manager, this can lead to allegations of wrongful eviction. Your E&O policy will often cover this type of claim.	
	Employment Practices Liability – Covers defense costs and damages related to various employment-related claims including allegations of wrongful termination, discrimination, workplace harassment and retailation.	
	Excess Liability (may also be referred to as "Umbrella" Liability) — Coverage kicks-in after a listed, underlying policy 5 (i.e. General Liability) limits are exhausted to pay claims. Umbrella instrance differs from excess liability in that it may pay some claims that the underlying policies do not cover – subject to policy conditions and exclusions.	
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OTHER COVERAGES	
Workers Compensation - Workers' compensation is typically a legal requirement that provides coverage for employees injured on the job. Expenses include - medical payments, missed wages, death expenses, vocational rehabilitation, and (in the case of on-site managers), often the cost of housing.	
Crime coverage. – While every crime policy is different, typical protection includes financial losses related to crimes such as theft, burglary, robbery, forgery, and fraud. More and more frequently, Cyber crimes are the cause of loss. A Cyber policy will often have more specific coverage for a cyber-related loss than a crime policy.	
Data Breach (Cyber) - Property managers have access to a lot of sensitive information that could harm tenants if leaked online. Cyber coverage protects you if private data such as Social Security numbers and/or banking, medical, and credit information are released to the public.	
Using third-party software platforms does not guarantee that they will protect against a data breach. Laws are shifting to place more of the liability burden on the 'owner' of the data – the entity collecting the information.	
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CYBER EXPOSURES

Email Spoofing Definition

Email spoofing is a technique used in spam and phishing attacks to trick
users into thinking a message came from a person or entity they know or
trust. In spoofing attacks, the sender forges email headers so that client
software displays the fraudulent sender address, which most users take at
face value.

Users don't realize the sender is forged unless they inspect the header more closely. If it's a name they recognize, they're more likely to trust it. So they'll click malicious links, open malware attachments, send sensitive data, and even wire corporate funds.

Email spoofing is possible due to how email systems are designed. The client application assigns a sender address to outgoing messages, so outgoing email servers cannot identify whether the sender address is legitimate or spoofed.

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CYBER EXPOSURES

Spoofing vs. Phishing

Despite sharing some similarities, spoofing and phishing are two distinct cyber threats with several fundamental differences.

•The goal of spoofing is to impersonate someone's identity, while the goal of phishing attacks is to steal information.

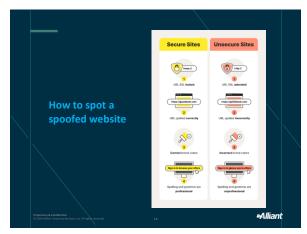
•Phishing scams are fraudulent because they involve information theft. However, spoofing is not considered fraud because the victim's email address or phone number is not stolen but rather imitated.

•Phishing often involves the attacker pretending to be from a trusted organization, whereas spoofing involves changing the sender's email address or phone number to impersonate someone else.

•Phishing is commonly executed with fake websites and data collection portals. Spoofing emails can be used to breach system security or steal user information.

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DUTY OF REASONABLE CARE

INDUSTRY SPECIFIC EXPERTISE	LITIGATION ARGUMENTS	
Basically, if the property management organization knows about a condition that can cause harm to residents or their guest, they have a duty to make the condition safe and warn residents or their guests about the potentially dangerous condition.	measures to protect residents and their guests. This may include the installation of security comeras, and hiring guests. Failure To Warm. Even if the payarment building does install a security camera, at the very least they should warn residents and their guest if it are located in a high erime area. Failure To Martiani The Premises: The management company has the responsibility to make sure that the apartment buildingid are kept ing condition. Sometimes criminals take advantage of things like failure too or windows in order to gain access to the premise. There is a duty to or windows in order to gain access to the premise. There is a duty to make size that these, and other illens are amonety market and with these.	
If the property management company does not do that, they may have some responsibility if someone is injured or the victim of a crime.		
Inadequate Lighting: If there is not sufficient lighting in parking to hallways, it may put residents at risk. Dark hallways may result in accident or injury, and dimly lit parking lots may invite the possibili crime or injury as well.		
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INVESTIGATION PROCESS



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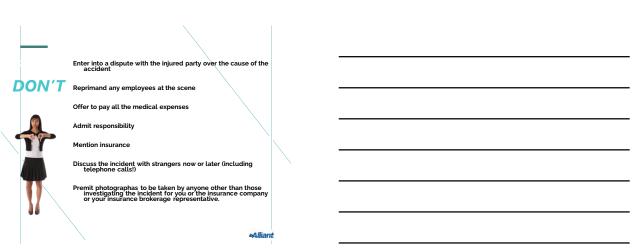
Additional items to note

- 1. Weather conditions outside
- 2. Was the resident or guest carrying anything that could have blocked their view of travel?
- Condition of resident/guest (alcohol, acting erratic)
- 4. Comments made by other parties (past injury, medical conditions, etc)



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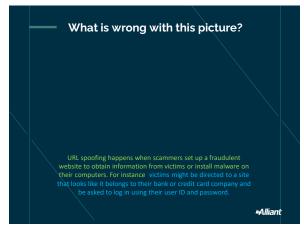


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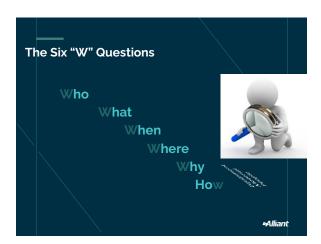




What are the consequences if		
➤ Balcony railings are not less than 4" apart?		
Garbage is piled against the outside of the building, rather than in the dumpster?		
➤ Windows do not shut/lock completely?		
Bed bugs, mice/rats, cockroaches or other vermin are not addressed immediately?		
> Broken locks are not fixed on building entrances?		
Uneven surfaces on flooring are not addressed as soon as staff is made aware?		
> Building heating / cooling systems are not repaired as soon as management is made aware?	. Alliant	



Work Environment Since equipment, material, people, and the standard operating procedures must all exist within a specific physical environment, adverse conditions in the work environment must be considered in an accident investigation: - Air - Noise - Lighting - Work Surfaces - Temperature - Wet Floors





Investigation Preparations

Secure the area where the accident occurred.

Gather preliminary facts from the injury/incident report.

Identify witnesses.

Detail environmental conditions: temperature, ice, snow, humidity, noise, etc.

Start a list of the six "W" questions.



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Investigation Process

Control the accident scene. Secure the site and ensure that medical services have been provided and that all hazards are being abated.

Check the site and circumstances of the incident thoroughly before anything has been changed or removed. Take numerous photos; include both close-up images and broad view images that place the close-up images in context (refer to Appendix C of handout).

After treatment, discuss the incident with the involved employee(s). Talk with those who saw the accident and others familiar with the conditions immediately before and after the incident occurred.



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Investigation Process

Reconstruct the events which resulted in the accident. Consider all possible causes. Look for the unsafe act as well as the unsafe conditions which separately, or in combination, were contributing factors.

Ask "Why?" repeatedly. Identifies cause and effect relationships. Each answer forms the basis of the next "why" question.

Determine the root cause of the incident. The smallest detail may point to the real cause. Ask "Why?" repeatedly.



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Determine Root Causes

List the facts in chronological order:

- $_{\circ} \text{Equipment}$
- ∘Material
- 。People
- _oStandard operating procedures
- _oEnvironmental conditions

Brainstorm with others to draw conclusions that are supported by facts.

Often there is more than one root cause.



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Develop an Action Plan

Develop a S.M.A.R.T. goal and related Action Plan to correct the hazardous or unsafe conditions identified.

Assign persons responsible for each action .

Establish due dates.

Get management commitment for the corrective action plan.

Document each action above.

- S-pecific
- M-easurable
- A-greed Upon
- R-ealistic
- T-ime-Based

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For claims caused by or contributed to by others on our property (contractors)

Always obtain certificates of insurance from vendors and ensure they are insured to perform work being done

Risk Transfer

Pay special attention to vendors such as pool service, roof work, landscaping, electrical service work

Strive to have contracts in place and not just work orders. Contracts offer a greater layer of protection $% \left(1\right) =\left(1\right) \left(1\right) +\left(1\right) \left(1\right) \left(1\right) +\left(1\right) \left(1\right) \left(1\right) \left(1\right) \left(1\right) +\left(1\right) \left(1\right)$

Have corporate answer questions about contract review and appropriate indemnification language

Ensure contractors use their equipment and not the apartment's. Ladders, hand tools, etc.

Track COI's [Certificates of Insurance] for expiration dates

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