



Habitational Properties: Liability Awareness

Apartments, condominiums, hotels, and motels — what insurers call “habitational properties” — are vulnerable to significant property and liability risks, including fires, water damage, injuries from slips and falls, and hazards associated with playgrounds and other public areas. These risks can be minimized with effective planning and oversight, sound risk management, and regular inspection, maintenance, and replacement of essential equipment and building systems.

Research by Sequoia Insurance Company indicates that where a property owner has a sound business strategy, employs an attentive property manager, and implements effective inspection and maintenance, accidents and injuries are less frequent and less costly.

Major Areas of Concern

Fire. Fires at apartments and other habitational properties are typically caused by heating equipment, cooking, candles, grills, electrical wiring, and smoking. Regular inspections can help to identify and correct fire hazards. Managers should install working smoke alarms in the right places; provide fresh batteries every six months, and replace the alarms every ten years.

Water Damage. While roofs are an obvious source of leaks, leaks also develop in plumbing and appliances, particularly in washing machines and water heaters. A good inspection and maintenance program can identify and correct leaks before they cause damage.

Slips and Falls. Frequent inspections are essential to detect wear or defects in sidewalks, walkways, carpets, stair treads, handrails, flooring, etc. Provide adequate exterior and interior lighting; respond quickly to tenants' concerns; barricade hazards until repairs can be made, and make repairs quickly; and keep walkways clear.

Playgrounds. Playground equipment must conform to the highest safety standards, including local regulations for playgrounds and play equipment. The Consumer Product Safety Commission's *Handbook for Public Playground Safety* offers guidance for safe equipment, fall-cushioning material, and inspections (online at <http://www.cpsc.gov/cpscpub/pubs/325.pdf>).

Swimming Pools. Swimming pools must be properly maintained and protected, and pool areas must comply with all local health codes which address water quality, access control, rescue equipment, signage, etc.

Wildfires. In areas where wildfires may be expected, keep vegetation and high growth cut back at least 100 feet from buildings. Take steps to protect roofs,

especially older roofs and those made with combustible wood shakes. Identify and comply with local regulations for wildfire protection.

Building Updates and Maintenance

Though the building may have been constructed in accordance with appropriate building codes, updates will be required to keep the building in compliance with building codes, as well as to address normal wear and tear. Insurers' guidelines may require apartment owners to “update” critical building systems when a structure has reached a certain age, or after a number of years since the last update. (Critical systems include electrical; plumbing; roofing; and heating, ventilation, and air conditioning.) However, an “update” does not necessarily require that systems be *replaced*; normal preventive maintenance is often an acceptable “update” when systems otherwise meet current codes.

Electrical. Periodic inspection and validation of the building's electrical system by a licensed electrical contractor constitutes an “update” when the wiring is of current technology. Old-technology wiring, which creates a significant fire risk, often requires replacement; seek evaluation by a licensed electrical professional and plan to upgrade to newer wiring.

Plumbing. A properly-maintained plumbing system should last for many years. An effective maintenance program will trigger repair or replacement of worn or aging components; an entire system will rarely need replacement at the same time. Inspect regularly, looking for corrosion in steel piping, older cast iron drains and waste piping, and older copper piping.

Roofing. A roof may last 15 to 30 years or more, depending on its type. If the roof is accessible, inspect it regularly and make repairs immediately. Any building 30 years old or more should be inspected for evidence of a roof update. Any roof nearing expiration of the manufacturer's warranty should be scheduled for replacement.

HVAC (Heating, Ventilation, and Air Conditioning). HVAC systems are designed to last many years, and require updating only “as-needed” to address maintenance, repair, or replacement of worn or aging components. An effective inspection and maintenance program is essential to maintaining the system.

For a more detailed risk management plan, request Sequoia Risk Management Guide SRMG-014, *Habitational Properties: Understanding and Addressing Common Risks*.