



## **Property Management: Protecting your property: Minimizing liability for multifamily properties**

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Owners and managers of multifamily properties have forever been viewed as targets. Targets by the city as a source of revenue through taxes, fines and fees. Targets by politicians and journalists as scapegoats for various reasons. Targets by attorneys and plaintiffs looking to score a quick buck. Protecting your property on behalf of yourself and your clients has become more important and complicated through the years.

While it is impossible to protect yourself entirely from suits and allegations, one must first start by insulating oneself through the proper insurance coverage. Start by ensuring your broker has a comprehensive familiarity with not only the necessary coverage and limit, but experience with the various carriers that you will consider. Coverage is only as good as the carrier that stands behind it. If your carrier is not backed by the government, and something happens you may find yourself completely unprotected. Take the time to do a thorough review with your broker where you evaluate your limits and deductibles. Remember in addition to your standard property & casualty policies and liability policies, you have to cover for flood, boiler & machinery, terrorism and a whole list of items that can be disclaimed. Make sure you blanket yourself with an umbrella policy that protects you from loss amounts you can barely imagine possible. In some buildings, include directors & officers' policies if appropriate.

On your property policy try to make sure you have replacement coverage for items that need to be brought up to code which were damaged as a result of a fire or flood.

Of course, make sure your environmental coverage is up to snuff as well. In addition to the usual hazards of oil spills, asbestos and lead, make sure the policy covers you for mold and mildew. Consider that a separate policy for environmental hazards may be inexpensive and may result in a substantial reduction on your liability policy if removed from that comprehensive policy.

As a follow up to your insurance, make sure that you receive the proper insurance evidence from all of your vendors and contractors who will have contact with your property. They should also sign comprehensive hold harmless agreements that reduce or remove various liabilities. This evidence of insurance should also be obtained for all commercial tenants in your property. Don't limit this to retail stores and office tenants, but for satellite and antenna companies as well.

Once you feel you have covered yourself from an administrative standpoint, start concentrating on physical improvements that will reduce the risk and protect you from claims. Do a thorough walk-through of your property beginning at the curb and check for cracking sidewalks, curb cuts and broken entry stairs. These items scream out "Sue me!" to deadbeats and lowlifes looking to strike it rich.

Continue by examining your front entry door. Make sure the door is self-closing and that your entry controls, whether it's a key fob system or a straight door lock are working properly. Claims regarding

security breaches will always look to point to deficiencies in the building's main entrance. In addition, a broken front door sets a tone for your property that you just don't care enough to take care of it. Review the rest of the doors as well and make sure you have a secure roof door with a panic bar which has a working alarm.

Continue your walk and look for other possible tripping hazards. Make sure the building's porter is continually keeping an eye on garbage on the stairs. Also make sure that the porter takes special care when washing public areas to place significant signage to ensure people do not walk in wet areas (especially on stairs).

To assist in minimizing your liability in these public areas, consider placing cameras throughout the main lobby, front walk and in public hallways if possible. The camera system should operate and record to a DVR system that saves footage for an extensive period of time so that if claims do arise, you can review tape to see if anything might assist in defense. This footage can also serve to argue sanitation claims if the building staff has been covering their responsibilities diligently and are just the unlucky victim of someone polluting right before an inspector arrives or even an inspector who is just looking to hit their quota.

Make sure you are performing semi-annual inspections into every apartment. At that time, mark down any physical deficiencies like peeling paint or cracking ceilings and have the tenant sign off on the paperwork. Take care of these issues expeditiously.

Minimizing liability is something that can be done fairly easily but can have a significant effect on your insurance premiums and the bottom line of your insurance costs.

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