Fire Damage

Checklist

The following is a basic checklist for associations faced with a fire damaged unit:

☐ Immediately submit the claim to the association’s insurance carrier.
☐ If you are aware of bodily injuries, notify the carrier of this fact too as experts may need to be retained.
☐ Hire a contractor to board up the unit(s), if the insurance carrier has not already done so. Take any other action necessary to secure the area and to prevent people from entering the property which could cause further injury.
☐ Shut off the utilities and inquire whether any further action needs to be taken with regard to power, water or gas. For instance, the electric company may need to remove the meters. Suggest any affected homeowners (and tenants, if any) to file claims on their personal insurance for moving expenses, personal property, etc.
☐ Notify the local code enforcement officers. The City may need to condemn the building and post notice to restrict entrance. Be wary of unsolicited calls from public adjusters and contractors. Speak only with the insurance carrier’s adjuster and do not disclose information to unnecessary parties.
☐ If the association has a preferred contractor, advise the insurance carrier that the association wants the contractor involved and would like it to bid the repairs, if possible.
☐ Have all bids submitted both to the association and the insurance carrier. If the selected bid is not the lowest, try to get the insurance carrier’s concurrence and the contractor’s agreement to perform the work for the lowest price.
☐ The association should be the one to award the contract. If possible, control payments to coincide with payments from insurance carrier.
☐ If a deductible is to be paid by the homeowner rather than the association, collect the deductible in advance, or have the contractor collect it directly from the homeowner. Often there are separate deductibles, one for the building and one for personal property (floor coverings, appliances, etc.).
☐ If the claim covers personal items (floor coverings, etc.), ensure the contractor and homeowner are in direct contact with one another early on so that color and/or style selections can be made; some items may not be readily available and time will need to be allotted for delivery. Also, be sure homeowners are aware the association will not pay for any upgrades or extras that are not covered by the association’s insurance.
☐ Some owners will want to take the insurance proceeds available for final interior decoration and use it to make changes or upgrades. In our experience, if they want to
do this, this can complicate things, as the costs for their items can easily get mingled with the other costs, so that it is difficult to tell what expense belongs to whom. Discuss this early on with the insurance carrier and expect such requests. Also discuss it with the contractor before you sign the contract. Some owners will want to use the same contractor, and others will want to get their own contractor or vendor to do the work.

☐ Decide how you want to handle this situation in advance so that if you allow it, neither the insurance carrier nor the association will be stuck with any extra costs. Also decide how those items will be split out from the contract and who will control the money to be used for the decor. If the association gets the money and has to parcel it out to the owners, count on disputes over how much is owed and under what circumstances it should be paid. Whether the association or the insurance carrier pays the money to the owner, it is not a good idea to pay anything until the materials are delivered and installed. It is also better to pay the money Ensure all monies are paid directly to the contractor, not the homeowner. If you give -money directly to the owner, the owner may take the money and not do the work.

☐ If any fire or smoke-damaged materials or structures are to remain, i.e., not starting from a raw slab, be sure the contract includes a warranty for smoke-encapsulation as smoke odors may appear after reconstruction.

☐ Execute a proof of claim only after all work has been completed and approved.

Individual circumstances, including the extent of the fire, may require additional or different actions. Please consult legal counsel.