

Property Management, 7th Edition

Chapter Outline

Chapter 16: Risk and Environmental Issues

- I. Overview
- II. Risk Management and Insurance
 - A. Risk Management Theories
 - 1. Identifying and Measuring the Risk
 - 2. Avoiding the Risk
 - 3. Controlling the Risk
 - 4. Retaining the Risk
 - 5. Transferring the Risk
 - 6. Monitoring Decisions
 - B. Property Manager as Claim Adjuster
- III. Types of Insurance
 - A. Owners' Hazard Insurance Policies
 - 1. Standard Fire Insurance
 - a) Insurance Agreement
 - b) Policy Exclusions, Limitations, and Reductions
 - c) Policy Conditions and Warranties
 - d) Policy Territory
 - 2. Suspending Insurance
 - 3. Event of Loss
 - 4. Replacement vs. Actual Depreciated Value
 - 5. 80% Coinsurance
 - 6. Compared to All-Risks Insuring Agreements
 - 7. Machinery and Equipment Insurance
 - 8. Loss of Income and Loss of Occupancy
 - B. Flood Insurance
 - C. Other Types of Insurance
 - 1. Commercial General and Auto Liability Insurance
 - 2. Pollution Liability Insurance
 - 3. Worker's Compensation Insurance
 - 4. Employer Liability Insurance
 - 5. Third-Party-Over Suits
 - 6. Special Considerations
- IV. Insurance for the Tenant
- V. Insurance for the Manager
- VI. Allocating Cost of Risk Management Between Owner and Manager
 - A. Limit Management Responsibilities
 - B. Bid Bonds
 - C. Named Additional Insured
 - D. Indemnity Clause

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VII. Managing Environmental Issues

A. Environmental Legislation

1. National Environmental Policy Act (NEPA)
2. Environmental Protection Agency (EPA)
3. Clean Air Act
4. Clean Water Act
5. Safe Drinking Water Act
6. Ocean Pollution
7. Resource Conservation and Recovery Act (RCRA)
8. Toxic Substances Control Act (TSCA)
9. Asbestos Hazard Emergency Response Act (AHERA)
10. Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, aka Superfund Act)
11. Superfund Amendments and Reauthorization Act (SARA)
12. State and Local Laws

B. Typical Hazardous Substances

- a. Molds
- b. Carbon Monoxide
- c. Chlorofluorocarbons (CFC)
- d. Polychlorinated Biphenyls (PCBs)
- e. Asbestos
- f. Radon
- g. Underground Storage Tanks (USTs)
- h. Formaldehyde
- i. Lead-Based Paint

C. Potentially Responsible Parties (PRPs)

D. Environmental Assessments

E. Air Quality Issues

- a. Sick Building Syndrome (SBS)
- b. Building Related Illnesses (BRI)

VIII. Managing Hazard Control

A. Hazard Warnings

B. Employee Information and Training

C. Written Hazard Communication Program

D. Federal Community Right-to-Know Act

IX. Summary