

Section XII

Insurance Requirements

Note: All employees should refer to Section XIII Responding to Emergency Situations which immediately follows this section, and Section XI Reviews and Inspections, for related information.

Overview

All apartment communities managed by the Company are required to carry various types of insurance in amounts determined by our Risk Manager and government agencies. Simply defined, risks are those conditions that exist at all apartment communities that expose the owners and management agent to revenue loss.

As Site Managers, it is our responsibility to reduce the amount of revenue loss at our apartment communities due to excessive risk exposure. High risks result in unwarranted claims against the insurance policies we carry and therefore higher premiums. High risk can also result in the loss of revenue due to severe property damage and the loss of rents that uninhabitable units create. Additional expenses are incurred from repairs required when losses do not exceed the deductible.

We reduce our risks by:

- Knowing what the risks are;
- Educating our employees to recognize risk hazards as well; and,
- Taking the necessary steps to minimize the risks we have identified.

At a minimum, to successfully carry out the responsibilities of this section, employees must know the following:

1. What to do in the event of an accident, fire or other instances of physical injury or property damage;
2. How to report such occurrences to Property Managers and the Risk Manager;
3. What to look for when inspecting our properties to reduce risks; and,
4. What to expect of our contractors and service vendors when they come to our properties.