Property Damage FAQs

What is considered "Property Damage"?

For SCS's purposes, property damage, is damage or destruction of real property, (buildings, land, and other amenities owned by SCS, caused by negligence, willful destruction, the result of an accident or an act of nature. Destruction of property is a sub-type of property damage that involves damage to property that results from willful misconduct and is punishable as a crime and MAY result in restitution to SCS.

What is the first action that should be taken when a property is damaged or destroyed?

Notify your direct Supervisor, then the PM is to navigate to the SCS Safety Portal, Incident Reports, Property/Building Damage Report and click on the Property/Building Damage Report form to enter any / all the information you can. This form has a workflow attached and provides the SCS Safety & Compliance Manager and the Director of HR & Administration required details to determine whether to file a claim. If a claim is made, you will be notified via the form and email notifications.

What is SCS's current Commercial Insurance deductible (internal use only)?

$50,000 per incident. Deductible Definition: (in an insurance policy) a specified amount of money that the insured = SCS must pay before an insurance company will pay a claim. Regardless of how many or few buildings are affected, the event as a whole eats the one time $50,000 deductible.

What is SCS's current Tenant Captive Insurance deductible (internal use only)?

$0. However, this damage if submitted must be accidental and not intentional damage done by **ONLY** a named leased tenant. **No third parties/services hired by a tenant, guests, pets, automobile damage or people staying on the property illegally are covered.**

What is the difference between Commercial Insurance and Tenant Captive Insurance?

Differences: SCS purchases Commercial Insurance to protect SCS, its properties, business activities, assets, etc. This insurance has a deductible and is considered traditional property and liability insurance.

SCS started a Tenant Captive Insurance program in 2024 to stop the loss due to uninsured tenants (no renters coverage). Too many of our tenants did and do not have personal coverage, causing SCS to eat a ton of costs and making too many claims to our commercial insurance. Creation of this captive allows tenants no ability to opt out of the program by SCS charging a $12 Building Protection Fee to each new and renewing tenant as of May 1st, 2024. After one year, the entire portfolio and all tenants will be paying this fee. This captive is meant to ensure we have funds to cover all tenant damages up to $100,000.

They work in unison. We will use the Tenant Captive Insurance to help cover tenant damage deductibles and file with our commercial insurance to cover larger claims.

Remember! The more claims we make in general, the more our insurance premiums go up. The goal is to prevent as much damage to SCS properties/assets as much as possible.

What does this deductible mean during the claims process?

If a claim is over $50,000 in damages, we MAY submit to our commercial insurance. All claims and damage is assessed on a claim-by-claim basis. If the claim is under $50,000, we will NOT submit to our commercial insurance. This means that SCS eats the cost of these damages and its repairs. If the damage is accidental and done by the tenant, it MAY still be submitted to the Tenant Captive Insurance for payment. This is not guaranteed. Intentional damage from a tenant is not covered by SCS's Tenant Captive Insurance.

What types of things are covered by SCS's Tenant Captive Insurance?

Tenant - **(Accident)** Caused Losses Resulting From:

- Fire
- Smoke
- Explosion
- Water Damage
- Backup or overflow of sewer, drain or sump
- Sprinkler leakage
- Freezing of plumbing, heating, or air conditioning
- Discharge or overflow from appliances
- Weight of tenant contents
- Riot or civil commotion
- Collapse of the building (if caused by something above)

***Tenant displacement due to damage is not covered by this coverage.

Why isn't tenant displacement covered by SCS's Tenant Captive Insurance?

The Tenant Captive Insurance is in place to protect losses to SCS's assets caused by tenants. The tenant would need their own personal property insurance policy to cover THEIR displacement or personal property losses due to THEIR accidental (and/or intentional) actions. This would be considered loss of use on their personal property coverage, ultimately allowing for displacement loss coverage.

If we suspect a tenant is at fault but do not have proof that it was a named tenant, are we still making a claim with our Tenant Captive?

No, All claims have to be clearly identified to ONLY named leased tenants. Third party damage, guests, pets, hired services by the tenant are not covered --- PERIOD.

Who is responsible for coordinating repairs or ordering replacements?

Maintenance and Leasing for all leased properties. Construction for all properties under construction. If an employee of a department caused damage, they are responsible with the partnership of their supervisor to ensure repairs are completed.

Do you need to fill out a Property/Building Damage Report (Form) or any other Damage Forms (Equipment, Vehicle, etc.) even if it won't make the $50,000 deductible?

Yes, these forms are imperative for tracking all damage costs at SCS. No matter how small, a form should be filled out. The SCS Safety & Compliance Manager and the Director of HR & Administration will facilitate insurance claims. This form provides us required details to file a claim. If a claim is made, you will be notified via the form and email notifications. **Do not stop the repair/replacement process regardless of the impact to insurance and the claims process.**

SCS Safety & Compliance Manager and the Director of HR & Administration will NOT order repairs or replacements. This responsibility falls on the overseeing departments. SCS Safety & Compliance Manager and the Director of HR & Administration will ensure communications and coordination with insurance will happen on behalf of SCS. SCS Safety & Compliance Manager and the Director of HR & Administration will make sure claims get filed and paid accordingly. During the claims process an additional assigned contact may be named to facilitate additional details (i.e Area Manager, Area Maintenance Lead, Maintenance Manager, Grounds Manager, etc.) to assist in onsite adjuster visits and give initials response details about the incident and repairs ordered.

How do we recover costs from uncovered damages such as vehicle damage or pet damage?

Any damage caused by pets will be added to the tenant ledger by the PM. Any damage caused by tenant's or the tenant's guest's automobiles will be added to the ledger and it is up to the tenant to

work with their automobile insurance to recover their out-of-pocket costs. **Note: Pet damage and automobile damage is NOT covered by the tenant captive.**

Revision #13
Created 2024-07-09 15:20:11 UTC by Nicole Blum
Updated 2025-09-08 19:09:46 UTC by Dale Bergman