

AUSPL network

News and information for members of the Association of United States Postal Lessors

Insurance Claims and Building Repairs

By Rick Austin, Managing Director of the AUSPL Insurance Program

Suddenly and unexpectedly, the phone rings. It's EMCORE on the line. They tell you that there is a problem with your post office building and demand action NOW or your rent will be used to pay for the repairs!

Members usually call us after this demand to see if the situation could be insurance related. The Postal Service wants the building repaired "yesterday" but they are aware that an insurance claim takes time and that you cannot authorize repairs without the insurance company's inspection of the damage.

You can assist the adjuster to get your claim handled as quickly as possible if you know the process.



Here is an overview of what to expect:

1. First call AUSPL Insurance at 877-642-8775 to report the claim. Make sure you feel the damage will exceed the deductible (\$1,000 in most cases).
2. Immediately authorize temporary repairs to secure the building or to prevent further damage. (Board up broken windows, place plastic tarps on the roof, etc.). Take any necessary steps to secure an unsafe condition to prevent injuries to postal customers or employees. Keep the receipts for the adjuster since emergency temporary repairs are considered part of the claim.
3. Ask the contractor who is making any emergency repairs to also give you an estimate for the permanent repairs. You might also get a second bid to compare.
4. It's also a good idea to ask that contractor to take a few digital photos of the damage and send them to the adjuster after you have been contacted.
5. In a day or two, you will be contacted by an adjuster to coordinate an inspection of the damage and prepare an estimate for the repairs. The adjuster will give you his/her phone number to contact him/her during the process. Once the inspection is completed, the adjuster will provide you with an estimate and offer a settlement.
6. Compare the settlement offer to the bid from the contractor(s). **Then share the insurance estimate with your contractor prior to commencing the work to be sure it is adequate, as you need to make sure your contractor agrees to do the work for the insurance company's estimate.**

We are here to assist you. If you have any trouble along the way, feel free to call us and we will try to help you with any issues that come up throughout the process.

Does Your Building Have Termites?

Termites can cause considerable damage by weakening the wood within buildings. Repairing this damage is generally the responsibility of Postal Lessors. This is especially true for leases signed after the late 1970's. The obligation for finding, preventing and eradicating these pests also falls to the Lessor.

Termites are commonly categorized based on their nesting habits. Subterranean termites live in underground nests. Dry wood termites nest inside wood. Subterranean termites have been found in all 50 states, but a minimal problem in Alaska. Drywood termites tend to live in warmer states such as California, Arizona, New Mexico, coastal Washington and Oregon, Florida, Georgia, Alabama, Mississippi, Louisiana, Texas and Hawaii.

Termite tubes are the most common evidence of subterranean termites. To maintain the narrow range of temperature and humidity levels they need to survive, subterranean termites build narrow dirt tubes to block out cool, dry air as they travel between their underground colonies and their new home.

Piles of termite droppings, called "frass," crusted dirt in small holes or cracks in sheetrock, and surface blistering are evidence of a dry wood termite infestation. Both categories have swarming termites that will leave piles of wings.

Finding evidence of termite infestation requires a professional inspection. Lack of evidence is not necessarily proof that no termites are in the building. **Termites can go undetected for years.** Periodic professional inspections are an effective way to detect termites and prevent further damage.

Once an infestation is discovered, and the type of termite is identified, treatment can begin. Treating the entire building is important in the case of subterranean termites. Spot treatments can be done for dry wood termites.

Eradication of subterranean termites is usually done using liquids or baits. Liquids are applied to the soil around the perimeter of the building, providing a chemical barrier that keeps termites from entering the building. Baits are food combined with a lethal substance. These substances are placed in containers in the ground or over termite tubes. Worker termites eat the bait, then return to the nest and share it with their nestmates.

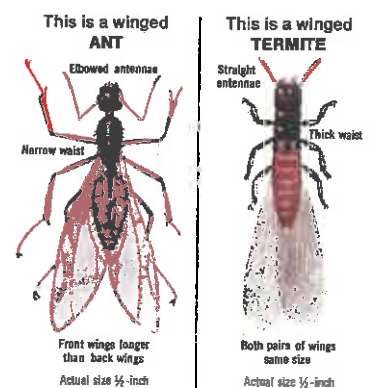
Liquid treatments should last about five years. However, the actual length of effectiveness depends on environmental conditions, thoroughness of the application, and density of the local termite population. A baiting system remains effective as long as it is inspected and maintained by the installer.

Eradication of dry wood termites can be done by whole structure fumigation, spot treatment with insecticides, or spot heat, shock microwave or liquid nitrogen. These methods can be quite costly.

Lessors can take steps to avoid termite infestations. Removing wood and paper stored under or next to a building, repairing foundation cracks, reducing moisture near the building foundation, and eliminating wood to soil contact will all make it more difficult for termites to take up residence in a building.

Did You Know?

- One way to tell termites from ants is by looking at the wings. Ants have a pair of back wings that is shorter than the front wings. Termites have two pairs of wings that are the same length.
- Termite Queens can live up to 50 years.
- Some societies eat termites either for nutrition or to cure illness.



Some Reminders for Lease Renewal

- ★ Eighteen to 24 months prior to lease expiration, postal lessors will receive lease renewal notices from CBRE or JLL. The notices may take the form of a Letter of Intent (LOI) or a Request for Proposal (RFP). Lessors who have traditionally negotiated renewals directly with the Postal Service sometimes question whether they must work with CBRE or JLL. The simple answer is yes. CBRE and JLL have contracted to be Real Estate Services Providers (RESP) for the USPS.

Lessor have no obligation to pay the commission and may negotiate how much (if anything) to pay.

- ★ CBRE and JLL will ask Lessors to pay a commission. The requested commission is often 3% of the rents for the lease term, but it can sometimes be 4% or 5%. Lessors have no obligation to pay the commission and may negotiate how much (if anything) to pay. The RESP represents the interests of the US Postal Service rather than the Lessor. If the RESP claims the USPS will move out, the Lessor should ask for that information in writing. Moving out of a building is a decision made by the USPS, not by the RESP. If a Lessor chooses to pay a commission or fee to the RESP, it is important to recapture that expense by increasing the rent.
- ★ CBRE and JLL will often request that Lessors sign documents by a date that is 7-10 days from the date documents are received. Lessors should respond to the RESP within that time frame to verify the contact information, and to say that additional time will be needed. Negotiations take time and there is no need to be rushed.
- ★ Consultants can be hired to help. The AUSPL office is happy to give you information about lease renewals. However, for Lessors who want to obtain more in-depth information, or to hire a negotiator, there are consultants who have years of experience as post office building owners or as former USPS Real Estate Department staff. Call the AUSPL office (800-572-9483) or go to auspl.com under AUSPL Members/Professional Assistance for a list of consultants.



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for a free quote**



Association of United States Postal Lessors
AUSPL Insurance Program



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3 WAYS TO REGISTER

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