SCOTT INSURANCE | Affordable Housing Practice

Risk Performance Best Bets

What small issue today could become your next major claim?

Affordable housing operators face fire, water, maintenance, and security-related claims, often triggered by earlier, preventable issues. Small performance lapses, such as unresolved maintenance tickets or unreported leaks, escalate into large, high-cost claims if not addressed early.



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Many of the most expensive losses in affordable housing begin as small, manageable issues. A water leak, fire hazard, or security concern can escalate when warning signs go unnoticed or unaddressed. The difference between a routine maintenance issue and a major claim often comes down to how quickly organizations identify and respond to risk.

Shift the Focus to Leading Indicators

Traditional risk management often centers on claims after they occur. Strengthening this approach involves focusing on the conditions and behaviors that precede them.

Common warning signs include:

- Deferred maintenance requests
- Deficient fire protection systems
- Broken access controls
- Sidewalk hazards and near misses
- Minor leaks before significant water damage

Delayed response to maintenence request —— **Minor leaks and hazards** —— **Signifigant damage**







By tracking and acting on these indicators, organizations can address problems before they become costly losses.

Engage Residents as Risk Partners

Residents are often viewed as exposures to manage, but they can also be valuable partners in risk performance. Effective onboarding helps residents understand fire prevention, maintenance reporting procedures, and community expectations. Ongoing communication reinforces those behaviors and encourages early reporting of issues.

The impact can be significant. Identifying and resolving a small maintenance concern early can help prevent a loss that ultimately grows into a $500,000 claim.

Strengthen Protection Through Prevention

Physical controls are most effective when paired with education and proactive maintenance.

Key practices include:

- Maintaining adequate lighting around buildings and parking areas
- Ensuring gates, doors, and access controls function properly
- Using video surveillance where appropriate
- Maintaining stovetop fire prevention devices
- Educating residents on leak reporting and mold prevention
- Utilizing water detection technology in high-risk areas

These measures support earlier intervention and reduce the likelihood that routine issues become major incidents.

Culture Drives Long-Term Results

Risk performance is certainly influenced by policies and procedures, but organizational communication, accountability, and shared responsibility are also of great importance. Organizations that prioritize these areas often experience stronger outcomes.

Residents who feel connected to their community are more likely to report concerns. Likewise, property managers and maintenance teams who regularly discuss emerging hazards can identify vulnerabilities before they result in claims. A culture focused on prevention creates opportunities to improve performance across every property.

Moving from Reaction to Prevention

The most effective affordable housing organizations create proactive systems that encourage reporting, address problems early, and engage both residents and staff in the risk management process, helping identify weaknesses before losses occur.

By focusing on leading indicators, encouraging proactive communication, and building a culture of prevention, organizations can reduce their total cost of risk while creating safer communities for the people they serve.