## INSURANCE COVERAGE TRENDS IN COMMUNITY ASSOCIATIONS

## Snap Survey <br> APRIL 2023

895 respondents representing at least 10,000 community associations

| 20\% | 27\% | 48\% | 5\% |
| :---: | :---: | :---: | :---: |
| - COMMUNITY ASSOCIITION MANAGERS FOR ONE COMMUNITY ASSOCIATION |  |  |  |
| - COMMUNITY ASSOCIATION MANAGERS FOR MORE Than ONE COMMUNITY |  |  |  |
| ASSOCIATIONMANAGEMENT COMPANY REPRESENTAT |  |  |  |
| - COMMUNITY ASSOCIATION BOARD MEMBERS |  |  |  |
|  |  |  |  |

- COMMUNITY ASSOCIATION MANAGERS FOR MORE THAN ONE COMMUNITY ASSOCIATION/MANAGEMENT COMPANY REPRESENTATIVE
- COMMUNITY ASSOCIATION BOARD MEMBERS
- INSURANCE AND RISK MANAGEMENT PROFESSIONAL


## OF COMMUNITIES SURVEYED:

90\% have a reserve study
47\% condominiums require homeowners to carry individual HO-6 policies
28\% have an insurable value appraisal
$12 \%$ are ocean front or subject to tidal water


64\% HAVE LESS THAN 250 UNITS/HOMES
24\% HAVE BETWEEN 251-999
12\% HAVE MORE THAN 1,000 HOMES

98\% carry property and casualty insurance
$\mathbf{9 8 \%}$ carry directors and officers insurance
84\% carry fidelity \& crime insurance
46\% carry cybersecurity insurance
$11 \%$ of communities indicate their property \& casualty coverage was canceled/not renewed.

Did your property \& casualty insurance premium increase at the last or current renewal?


How much money per homeowner did the increase premium cost (per year)?

| 17\% | N/A |
| :---: | :---: |
| 45\% | UNDER \$100 |
| 24\% | BETWEEN \$101-\$500 |
| 5\% | BETWEEN \$501-\$1,000 |
| 4\% | BETWEEN \$1,001-\$2,000 |
| 5\% | MORE THAN \$2,001 |



## How did you fund the premium increase?

50\% Increased individual assessments

## 43\% Used operating funds

7\% Imposed a special assessment
2\% Took out a line of credit
2\% Used contingency funds
1\% Used reserve funds
5\% Other
6\% N/A

For renewal of property and casualty coverage, were high deductibles or per unit deductibles forced by the insurer?
24\% Yes 62\% No

- 12\% Unsure


## SPONSORED BY <br>  RESERVE ADVISORS

Does your property \& casualty plan cover at least $100 \%$ of the replacement value of property owned by the community association?

| $70 \%$ Yes |
| :--- |
| $\square 10 \%$ No $\quad 16 \%$ Unsure $\quad 4 \%$ Other |

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foundation.caionline.org (888) 224-4321

## Snap Survey

## What is included in your property \& casualty insurance coverage?

74\% $100 \%$ replacement value for common property owned by the community

56\% Water damage
54\% Windstorm
49\% Hail
41\% Smoke
41\% Lightning
39\% Vandalism
35\% Hurricane
31\% Explosion
29\% Sprinkler malfunction/leak

27\% Earthquake 26\% Flood

26\% Collapse
23\% Weight of snow, ice or sleet
21\% Wildfire
20\% Falling objects
15\% Sinkhole collapse
14\% Aircraft
14\% Riot or civil commotion
4\% Volcanic eruption

What did your community experience with these policies?
Increase in premium in 2022 or 2023
Policy non-renewed/canceled by insurer
Do not carry


## RESPONSES FROM RISK MANAGEMENT PROFESSIONALS

Are you experiencing a significant number of property and casualty policy cancellations among your clients?


Are you experiencing a significant number of property \& casualty policy premium increases for your community association clients?

## 96\% Yes <br> 0\% No $\quad$ 4\% Unsure

What is the average increase in property \& casualty insurance premiums?

| $3 \%$ | Less than $10 \%$ |
| ---: | :--- |
| $55 \%$ | $11-25 \%$ |
| $34 \%$ | $26-50 \%$ |
| $3 \%$ | $51-75 \%$ |
| $6 \%$ | $76-100 \%$ |
| $7 \%$ | more than $100 \%$ |

What are the contributing factors to the rising premiums and cancellations?

| 83\% Age of community | 34\% Wildfire risk |
| :---: | :---: |
| 76\% Age of roof | 21\% Structural integrity risk |
| 76\% Total insurance value | 21\% Hurricane risk |
| 72\% Claim | 17\% Late premium payments |
| 45\% Aluminum wiring | 10\% Flooding risk |
| 38\% Number of buildings | 7\% Delinquent assessments |

## RESPONSES FROM MANAGEMENT COMPANIES

Are you seeing a significant number of property casualty policy premium increases for your community clients?
92\% Yes
$\square \mathbf{4 \%}$ No $\quad 4 \%$ Unsure
Are you experiencing a significant number of property and
casualty policy cancellations among their community clients?
43\% Yes 47\% Yes

10\% Unsure

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