INSURANCE COVERAGE TRENDS IN COMMUNITY ASSOCIATIONS

ap Survey

APRIL 2023

895 respondents representing at least 10,000 community associations

27%

48%

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

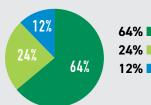
OF COMMUNITIES SURVEYED:

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

98% carry directors and officers insurance

84% carry fidelity & crime insurance

46% carry cybersecurity insurance

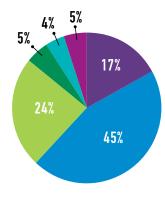
11% of communities indicate their property & casualty coverage was canceled/not renewed.

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)?





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?



62% No

■ 12% Unsure

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

70% Yes

■ 10% No ■ 16% Unsure ■ 4% Other

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Snap Survey

INSURANCE COVERAGE TRENDS IN COMMUNITY ASSOCIATIONS | APRIL 2023

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

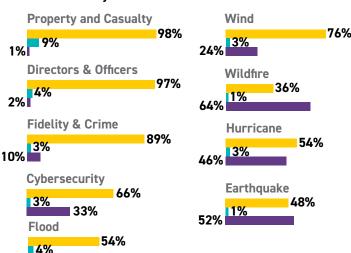
4% Volcanic eruption

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?

83% Yes

■ 10% No

■ 7% Unsure

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

96% Yes

0% No

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?

44%

83% Age of community

76% Age of roof

76% Total insurance value

72% Claim

45% Aluminum wiring

38% Number of buildings

21% Structur

21% Structural integrity risk

21% Hurricane risk

34% Wildfire risk

17% Late premium payments

10% Flooding risk

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

4% No

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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