

Insurance for Community Associations



CAI **OPPOSES** RISING INSURANCE COSTS AND NEGATIVE IMPACTS ON COMMUNITY ASSOCIATIONS

COMMUNITY ASSOCIATION HOUSING MODEL:

Community associations include homeowners associations, condominiums, and housing cooperatives. While community associations come in many forms and sizes, all associations share three basic characteristics: (1) membership in the association is mandatory and automatic for all property owners; (2) the community association governing documents bind all owners to defined land-use requirements administered by the community association; and (3) all property owners pay mandatory lien-based assessments that fund association operations.

THE INSURANCE CRISIS AND ITS IMPACT ON COMMUNITY ASSOCIATIONS:

NEW DATA from the Foundation for Community Association Research underscores what many homeowners, boards, and community managers are experiencing: higher premiums, fewer coverage options, and more complex compliance requirements, especially in the condominium housing market. According to the Foundation's recent Insurance Coverage Trends Snap Survey report:

- 91% of community associations experienced increases in insurance premiums.
- 17% saw increases exceeding 100%.
- 23% shifted to surplus lines carriers due to lack of traditional options.

- 20% reported losing access to one or more insurance carriers.
- Many reported rising deductibles, decreased limits, and limited market availability in disaster-prone states.

While these trends vary by region and property type, they are clearly placing new financial pressures on boards and homeowners especially when combined with responsibilities for maintaining infrastructure, funding reserves, and meeting lending compliance standards.

TAKE ACTION

Support policies that help improve access to affordable insurance for community associations.

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