

# A Look Into the Crystal Ball of Community Association Insurance: Where We've Been and Where We Are Headed

**Charlotte Allen- Socher Insurance**



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## What's Changed?

- Premiums increasing
- Carriers exiting the market
- Non-renewals
- Underwriting appetites changing
  - Impact of losses from all over the country
  - Inflationary Pressure
  - Costs of Construction
  - Employment
  - Materials

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## Some Associations Are Finding Themselves in the Surplus Lines Market

- California admitted carriers
  - Department of Insurance (DOI) approval for rates and policies
  - California Insurance Guarantee Association (CIGA)
    - \$500,000 (isn't much)
- Surplus lines carriers
  - Freedom to rate as they choose
  - No consumer protection
  - More expensive typically
  - Made up of some of the most well reserved insurance companies
  - Different (for some) but not new

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## How Can We Stay in the California Admitted Market?

You control

- Maintenance/Repair

- Claims history
- Type of electrical panels

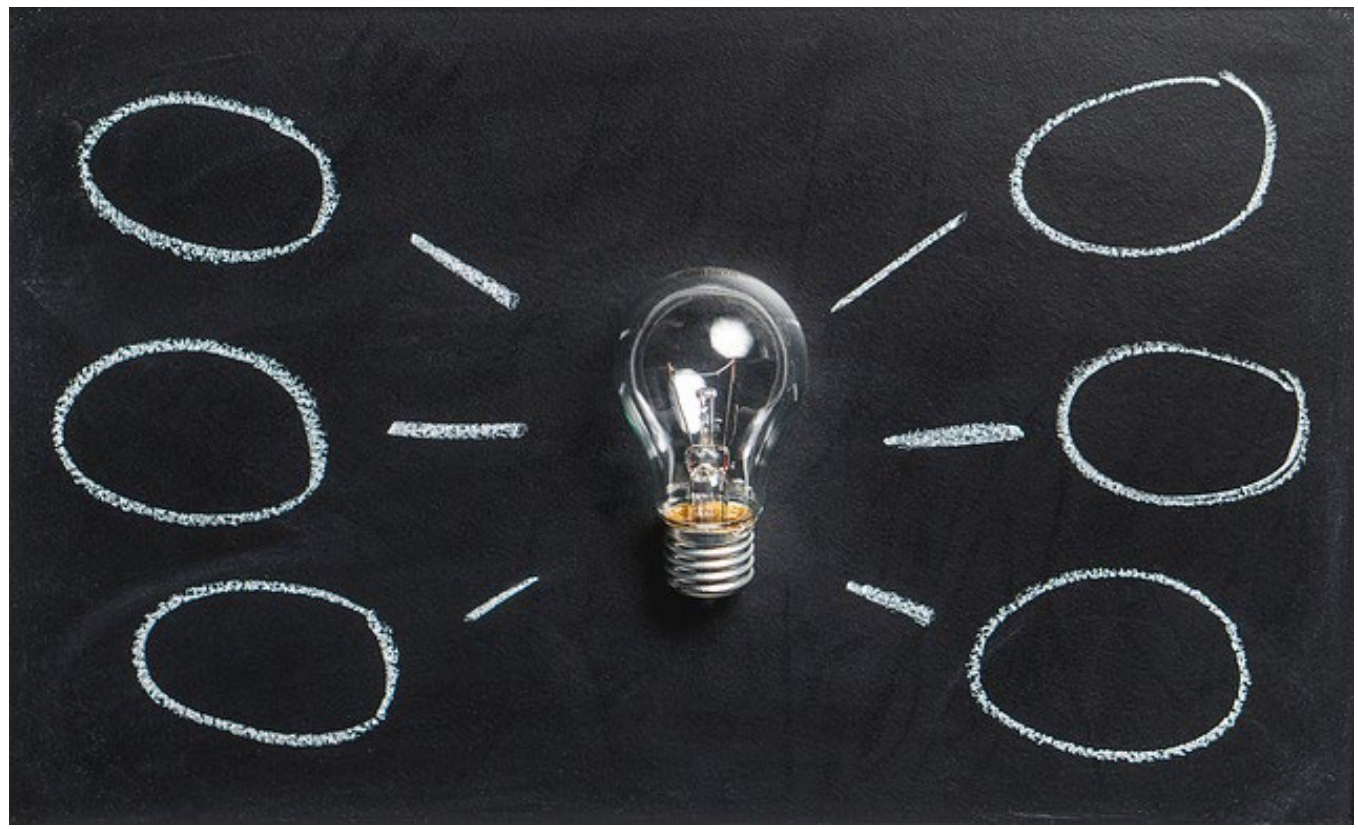
- Size of your association
- Year you were built
- Fire risk rating

You don't control



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**Avoid Future Losses and Help Us Help "Them" Understand Past Losses**



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## If You Find Yourself In The Surplus Lines Market, You Are Not Alone



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## But It's Going To Cost You

- Special assess?
- Borrow from Reserves?
- Renew at less than 100% replacement cost?
- Seek the help of your community manager!
  - And they can help bring in the right professionals!



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## **Work with an HOA Insurance Specialist Who...**

- Understands HOAs (Davis Stirling/laws/governing documents/BODs/community managers)
- Familiar with the surplus lines market (policies are only as strong as their endorsements)
- Follows trends (who is exiting, who is coming into California)
- Possesses policy language expertise
- Passes on the education
  - Board meeting attendance
  - Townhall style (whole community)



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## More Than Someone You See Once or Even Once a Year

- Risk control
  - Visit property
  - Discuss exposures
  - Ideas to mitigate loss
- Claim Assistance
- Certificate processing
- Renewal attention and explanation



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## Insurance Crystal Ball- What does the Future Hold?

- New insurance carriers are entering the state
- Admitted carriers have filed for premium increases with the DOI, at the mercy of their timeline, State Farm recently denied
- Surplus lines premiums seem to be staying level (when no losses)
- We continue to put pressure on legislators for some intervention and encourage you to do the same

