



# COMMUNITY BUILDER

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## Rising Insurance Premiums Expected to Continue

It is no secret that the country continues to work through challenges with higher costs spurred by inflation and historic supply chain issues – and the insurance marketplace is no exception. While many factors contribute, a perfect storm (pun intended) of increased claim levels, carriers withdrawing from markets, and higher-value jury awards have left property owners, associations, and carriers with less options. Combined with other market factors, the result is considerably higher premium rates through 2022 and likely beyond.



For the first quarter of the year, the overall number of claims continued to rise throughout the country. Storms in the Midwest and East and fires in the West have added to the increase in legitimate claims, and the market continues to reel from roof claim abuse. Replacement cost estimating has always been challenging in property insurance, but ongoing supply chain disruptions have triggered higher prices for construction materials like steel and lumber, making loss cost predicting an even more volatile task.

In today's litigious environment, it's not unusual for plaintiffs to demand up to policy limits or for a jury to award millions in damages in liability claims, with associations being viewed as privileged entities with deep pockets. Further, insurance offices receive multiple notices of claims and lawsuits every month, resulting in a lower capacity to write new business. Traditionally, \$1M of general liability and property coverage was the rule; however, today's excess and umbrella markets are starting to require a minimum of \$2M of underlying coverage. The potential impact includes double-digit, and sometimes triple-digit, premium increases with tighter coverage restrictions.

Carriers are trying to alleviate the claim inflation by increasing deductibles, non-renewing policies, or simply not writing in states with higher risks. The resulting exit of carriers in certain markets has left some associations and property owners with higher deductibles, fewer policy

enhancements, and (and in some cases) inferior coverage. Moreover, the carriers that will offer coverage have reduced their appetite for specific locations, age of construction, and property size. According to a state's Office of Insurance Regulation report, Florida alone accounts for about 3/4 of the nation's property lawsuits.

Proactive insurance agents and brokers start talking to Boards and Community Managers 90-120 days ahead of policy renewals to collaborate and explore creative solutions to mitigate rising costs. These insurance experts can also help to evaluate current risk profiles and outline steps to enhance coverage and mitigate potential hazards, an expectation of most underwriters. In a time of increasing insurance premiums, Boards are advised to invite discussions with their insurance professionals and explore the best options for their community from a pricing and coverage perspective.

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Tom Conner has worked for Sentry for almost 16 years and serves as the Vice President of the Pasco Division. Tom is very proud to say that Sentry is the only management company that he has worked for and his team was recently recognized for their outstanding achievement in both Client and Employee retention.



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Equipped with more than 16 years of industry experience and a Bachelor's Degree from the University of Nevada, Las Vegas, Brandon serves as Sentry's Director of Strategic Initiatives. Brandon is recognized as a Certified Manager of Community Associations (CMCA) by Community Association Managers International Certification Board (CAMICB), and holds the Association Management Specialist (AMS) and Professional Community Association Manager (PCAM). He has been a member of the Sentry team since 2021



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