



Insurance Market Update for Community Associations

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Meet our Panel:



Jessica M. Knutsen
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Jessica has been practicing insurance for 16 years. She has built expertise auditing and underwriting insurance programs for community associations.

Credentials:

CIC - Certified Insurance Counselor designation
EBP - Educated Business Partner Distinction
CIRMS - Community Insurance & Risk Management Specialist®

Industry recognition:

2020 Educator of the Year by the WMCCAI Chapter
2021 Volunteer of the Year by the WMCCAI Chapter
2021 Rising Star by the Southeastern Virginia Chapter

Jessica is an active member of multiple CAI chapters and currently serves in the CAI national Business Partner Council in an At-Large position (Insurance Broker).



Christa Brady
AMS, PCAM
USI Insurance Services
Vice President
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Christa has been working in the community association industry for over 16 years. Prior to joining USI in 2019, Christa was an executive level manager, overseeing multiple condominium and homeowner associations throughout the DMV. She also upholds the AMS and PCAM designations for CAI and is currently pursuing the CIRMS designation. Christa is an active member of Chesapeake Chapter of CAI, and serves as the Co-Chair of the chapter's education committee. She is also a member of the WMCCAI Board of Directors and continues to serve on several of the Chapter's committees. Most recently, Christa was the recipient of the WMCCAI's Rising Star award.



Theresa Melson
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Theresa is licensed as a P&C insurance Broker, Consultant, and Life and Health agent. She specializes in the common interest community association field. Prior to being licensed as a property and casualty insurance agent, Theresa worked in the common interest community industry for over 23 years. Theresa holds the Professional Community Associations Manager (PCAM®) and Certified Insurance and Risk Management Specialists (CIRMS) designations from CAI. She is also past President of the Washington Metropolitan Chapter of the Community Associations Institute (WMCCAI); and is a current member of the Washington Metro Chapter of CAI's Virginia Legislative Committee, Education Committee, and **Quorum** Publications Committee. She has been honored to be inducted into the WMCCAI Hall of Fame, and is a recipient of the Volunteer of the Year, Educator of the Year, and Committee Chair of the Year awards. Theresa has presented many educational programs on behalf of WMCCAI and CAI throughout her careers in both property management and insurance.



Today's Agenda

- I. General Market Update
- II. Market Updates for Common Interest Communities
- III. Umbrella and D&O Market for Common Interest Communities
- IV. Best Practices for handling and insurance renewal
- V. How to manage today's insurance market?
- VI. Q&A

2022 USI Insurance Market Outlook



2022 Commercial Property & Casualty Market Outlook

Forecast Insights From USI National Practice Leaders

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2022 Commercial Property & Casualty Market Outlook Mid-Year Addendum

Forecast Insights From USI National Practice Leaders

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Historic Rate Increases per Line of Coverage



Forecast by Product Line	Q4 - 2018	Q2 – 2019	Q4 – 2019	Q2 - 2020	Q2- 2021	Q2- 2022
Property non-catastrophic with good loss history	Down 3% to up 3%	Up 10%	Up 10% to 20%	Up 5% to 15%	Up 5% to 10%	Flat to up 10%
Property with catastrophic exposure (coastal) and minimal loss history	Flat to up 5% to 10%	Up 10% to 40%	Up 25% to 40%	Up 20% to 40%	Up 10% to 15%	Up 10% to 15%
Property non-catastrophic or catastrophic with poor loss history	Up 10% to 15%+	Up 10% to 40%+	Up 30% to 60%+	Up 40%+	Up 20% +	Up 20% +
General Liability	Flat to up 5%	Flat to up 15%	Up 5% to 10%	UP 5% to 10%	Up 10% to 20%	Up 10% to 20%
Directors and Officers	Flat to up 5%	Up 5% to 10%	Up 5% to 20%	Up 10% to 50%	Up 10% to 60%	Up 5% to 20%
Crime	Down 5% to up 5%	Down 5% to up 5%	Up 5% to 25%	Up 10% to 25%	Up 5% to 25%	Flat to up 15%
Workers Compensation	Down 10% to up 5%	Down 10% to 20%	Down 10% to up 5%	Down 5% to up 5%	Down 10% to 5%	Down 10% to up 10%
Umbrella	Flat to up 3%	Up 10% to 20%	Up 10% to 25%	Up 10% to 50%	Up 5% to 25%**	Up 25% to 50%+
Cyber Liability	Flat to up 5%	Flat to up 5%	Flat to up 10%	Up 5% to 20%	Up 25% to 50% for optimal risks; 50% to 100% for less optimal risks	60%+ for optimal risks; 100%+ for less optimal risks

Market Update for Common Interest Communities



Soft vs. Hard Market

Property rates 2022 vs 2023

Increase in Property values (TIV), crime scores, roof ACV

Deductible Structure (per unit, water damage, \$100K)

Strict underwriting guidelines: age, electrical and plumbing, rental occupancy, and Loss Control Rec's

Jurisdictional changes (reserve funding)

Unfavorable losses will require working with Non-admitted carriers (multiple layers)

Umbrella and D&O Market for CIC

What is social Inflation?

Growth in liability risks & costs related to litigation trends	Settlements & Nuclear Verdicts
Litigation Funding	Societal Trends
Submission Overload / 30 days or less	Community events restricted to residents only and new exclusions





Best Practices to handle insurance renewals

1. Consult with insurance broker before starting your budget season
2. Start “renewal discussion” at least 120 days prior to the expiration date (timeline)
3. Are you familiar with the association’s 5-year loss ratio? Discuss with your broker to manage expectations!
4. Annual insurance broker visit/orientation for BOD members (virtual or in person)
5. Set realistic expectations for proposal delivery (30 to 45 days)

How to manage today's insurance market?



- ❑ Submission narrative is CRITICAL in today's market, working with a broker that specializes in CIC and holds the CIRMS credential is very important
- ❑ Insurance broker's leverage with carriers they represent will be factor in today's market
- ❑ Preventive maintenance (electrical panels, plumbing)
- ❑ Review affirmative risk management steps
- ❑ Review CC&Rs insurance section

- ❑ Analyze the trends, severity and frequency of insurance claims
- ❑ Communicate any capital improvement projects to your broker
- ❑ Comply with the carrier's Loss Control Recommendations
- ❑ Obtain feedback from your insurance broker about large contracts before they are executed (3rd party risk transfer)



Q&A

