



ABOUT INSURANCE WAREHOUSE

Eric Skarnes, President

Insurance Warehouse is a family owned business – with siblings Eric, Carrie & Craig Skarnes comprising the leadership team, supported by a dedicated team of individuals with concentrations in customer service, commercial insurance and personal insurance.

The [commercial lines](#) team members specialize in [Homeowner's Associations](#) and the master policies these associations require. Insurance Warehouse is the largest insurer of townhomes in the Twin Cities – insuring the master policy to over 500 associations in the state of Minnesota and Colorado. The commercial team concentrates on working with property managers, so together they provide the condo and townhome unit owners the coverage and service they need to protect their homes from common claims.

The customer service team is dedicated to answering phone calls and emails promptly and thoroughly so that customers get answers to insurance questions and needs quickly.

May 2025 Chapter Presentation



**HOA LEADERSHIP
NETWORK**
By Board Leaders. For Board Leaders.



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GUEST SPEAKER

Eric Skarnes

Insurance Warehouse

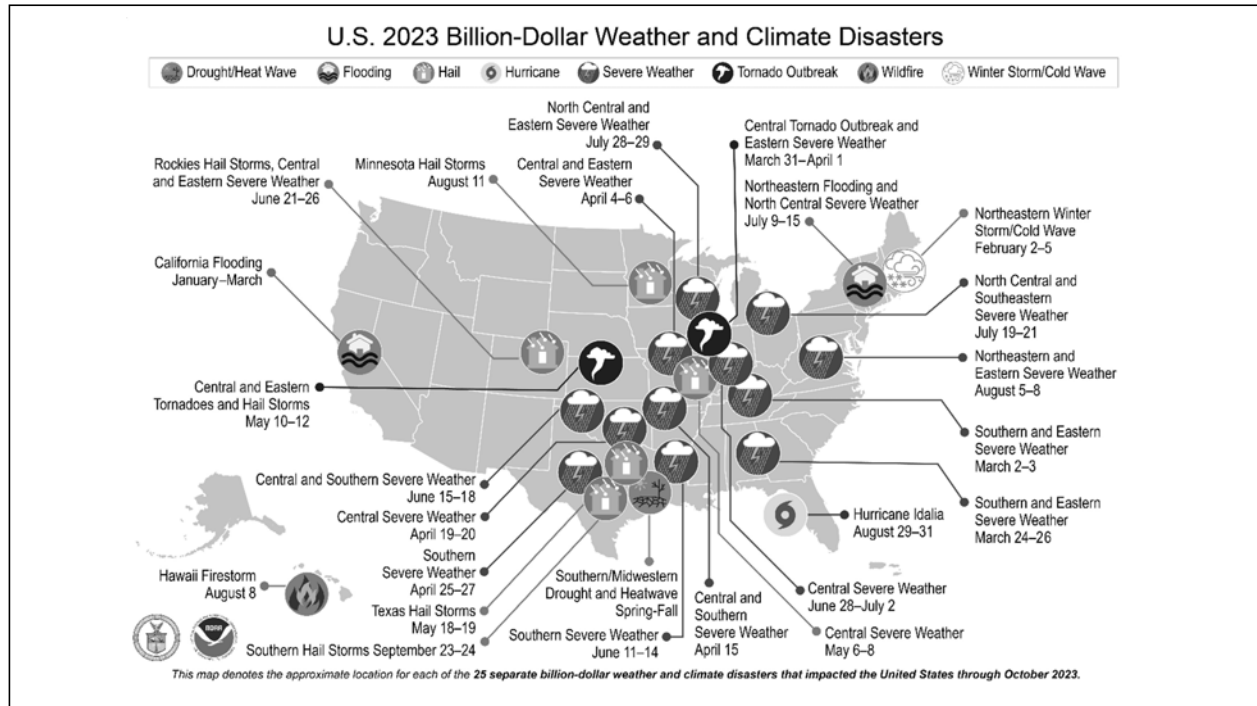
About Insurance Warehouse

- Founded in 2013
- Independent Agency Located in Golden Valley, MN
- Largest Insurer of Associations in Minnesota
 - 1,200+ Associations
 - 70,000+ Units
- CAI Member & Speaker
- Dedicated HOA of 22 people



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2025 UPDATES – ADMITTED CARRIERS

- **American Family – Non-renewing all HOA’s**
- **Country Financial- Non-renewing all HOA’s**
- **Berkshire Guard – Non-renewing all non-sprinklered HOA’s**
- **Knee Jerk Response by Carriers – Rate Increases By All**
- **No Longer Writing HOA’s Built Prior to 2000**
 - Auto-Owners, Hartford, Liberty Mutual, Midwest Family, Nationwide, State Farm, Travelers & West Bend
- **No Longer Writing HOA’s With Over \$30M in Building Coverage**
 - Badger Mutual, Berkshire, Hartford, Liberty Mutual, Midwest Family, Nationwide, State Farm and Travelers

Carrier	Age	Size*	Unmatched/Cosmetic Exclusion
American Family	No Longer a Market	No Longer a Market	-
Auto-Owners	15 Years or Less	-	Yes
Badger Mutual	-	\$5 Million	No
Berkley National	-	\$60 Million	No
Berkshire	50 Years or Less	\$30 Million	No
CAU	-	-	No
Country Financial	-	\$2 Million	Yes
Farmers	50 Years or Less	\$50 Million	Yes - Metal Only
Fortegra	50 Years or Less	\$50 Million	Yes
Hartford	20 Years or Less	\$20 Million	No
Liberty Mutual	40 Years or Less	\$10 Million	No
Midwest Family	25 Years or Less	\$25 Million	No
State Auto	No Longer a Market	No Longer a Market	-
State Farm	40 Years or Total Gut Conversion	\$15 Million (Asphalt Roofs)	No
Travelers	25 Years or Less	\$30 Million (Fewer Than 15 Buildings)	No
West Bend	25 Years or Less	\$20 Million	Yes

ADDITIONAL UNDERWRITING CONSIDERATIONS:

Loss History / Claims Experience

Much more attention to detail on specific claims

Many more questions around what's been done to ensure against similar claims from happening in the future

Asphalt Roofs and Vulnerable Siding Types

Physical exposures that increase payout amount on a claim

Lack of Grilling Enforcement

Certain carriers very sensitive to fire exposure caused by grills

Difficulty with Obtaining Multiple Quotes

Underwriters are much quicker to simply decline to quote if the

Community contains any of these increased (or perceived increased)

Risk exposures

Cause for Concern

AN HOA WAS BUILT PRIOR TO 1990 AND HAS OVER \$20M IN BUILDING VALUE:

INELIGIBLE CARRIERS: AMFAM, AUTO-OWNERS, COUNTRY, HALLMARK, HARTFORD, LIBERTY MUTUAL, MIDWEST FAMILY, NATIONWIDE, STATE AUTO, STATE FARM, TRAVELERS & WEST BEND

ELIGIBLE CARRIERS – CAU, BERKSHIRE AND BERKLEY

An HOA has more than \$75M in building value:

Ineligible Carriers: AmFam, Berkley National, Berkshire, Country, Farmers, Hallmark, Hartford, Liberty Mutual, Midwest Family, Nationwide, State Auto, State Farm, Travelers & West Bend

Eligible Carriers – CAU and Auto-Owners



NON-ADMITTED CARRIERS

(EXCESS & SURPLUS, SECONDARY, NON-STANDARD)

Non-admitted carriers are regulated and approved by the State but are have not gone through the State admission process. This allows them to be more flexible as any changes to rates, deductibles, coverage, etc. do not need to be approved by the State.

They are not part of the MN State Insurance Fund, so not additional tax is charged and HOA's are typically not eligible for the fund as the funds offers \$300,000 in coverage if a carrier is insolvent, but if the HOA has a deductible over \$300,000, they are not eligible.

NON-ADMITTED CARRIERS

(EXCESS & SURPLUS, SECONDARY, NON-STANDARD)

Why Use Them

- No Competitive Options
- Multiple Claims
- Pending/Open Claims
- Built prior to 2000
- Building Values Over \$20M
- Roof Age Over 15 Years

Buyer Beware

- Requires Finance Agreement (additional charge)
- Minimum Earned Premium (25% or 35%)
- Short Rate Cancellations
- Condensed Time Frame
- Non-Package, Property Only Policy

Broker/Agency of Record (BOR or AOR)

What Is It? A transfer form moving access to a carrier from one agency to another

Why Is It Necessary? Insurance carriers only allow one agent to obtain a quote from them. The first to submit has the only access to that carrier.

When To Do It? Lack of service, better rates, more experience. Very limited agencies that know how to properly write HOA's. Not all agencies are equal.

Who Should Sign It? The board should discuss and vote before signing.

Lender Issue – Fannie, Freddie & FHA

Maximum Deductible Amounts- For losses related to individual units in a project or for individual PUD units that are covered by the blanket policy for the project, the maximum deductible amount related to the individual unit should be no greater than 5% of the replacement cost of the unit

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Exception – Not for MN.

If a master insurance policy deductible exceeds the 5% maximum due to a per unit deductible for named perils specific to a geographic area, the Mortgage is eligible for sale to Freddie Mac if the Borrower's unit is covered by an owner's HO-6 policy. The Borrower's owner's policy must include the same perils as the master policy, cover master policy assessments levied on the unit owner and carry a sufficient coverage amount to cover the per unit amount over the permissible 5% limit.

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WHAT TO DO?



Increasing Deductibles

All Other Peril Deductibles – Increasing your deductible for all claims outside of wind/hail can help reduce the premium. We suggest nothing larger than \$50,000 per occurrence

Wind/Hail Deductible – If your wind/hail deductible is not already at 5%, increasing your deductible can help reduce the premium. We suggest nothing larger than 5% per building



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What Can an HOA Do?

Change Coverage Definition to Bare-Walls

Depending on the association's declarations, the association may move their coverage definition to bare-walls by a resolution or amendment to the declarations

A resolution can be voted on by the board if the declarations don't specify the required insurance coverage.

An amendment to the declarations, which requires a unit owner vote, is required if the declarations specify insurance coverage requirements



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Ideas commonly brought up

- Split the community over more than one carrier
- Make owners hold the insurance policy for their home inside and out



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