HOA LEADERSHIP NETWORK

By Board Leaders. For Board Leaders.

DECEMBER 2025 CHAPTER MEETINGS

ENTERPRISE SPONSOR

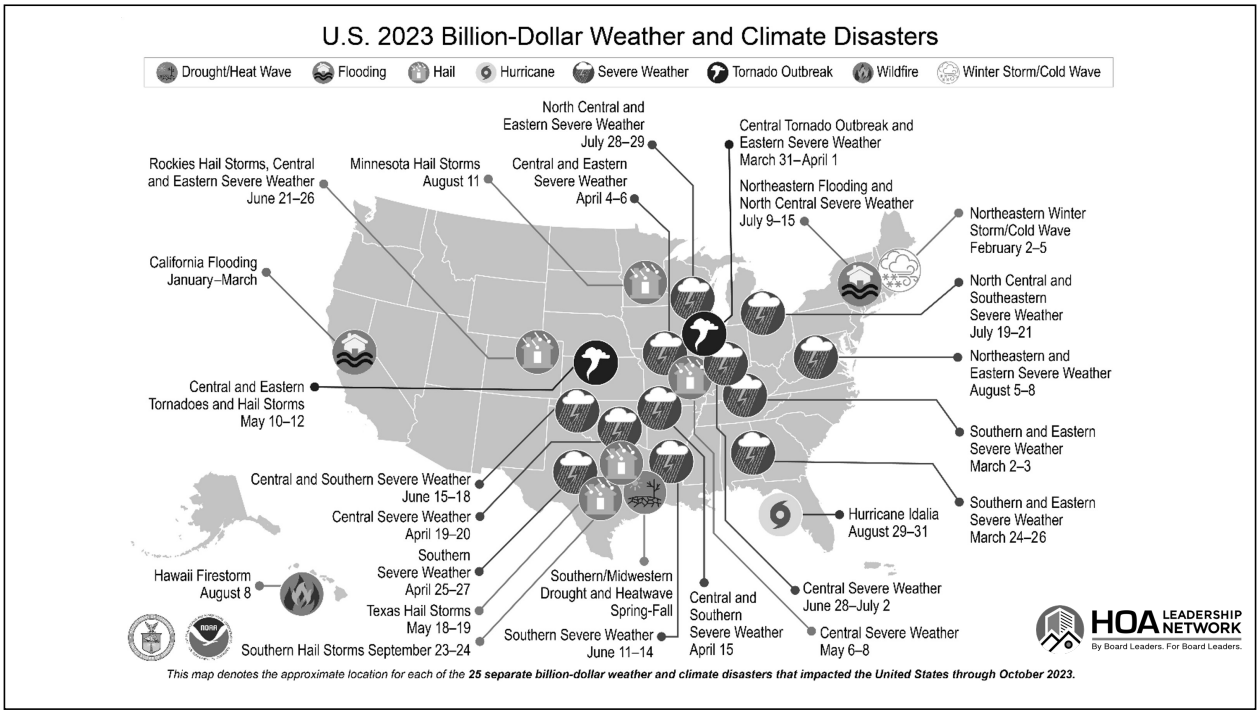
Insurance Warehouse

The HOA Experts

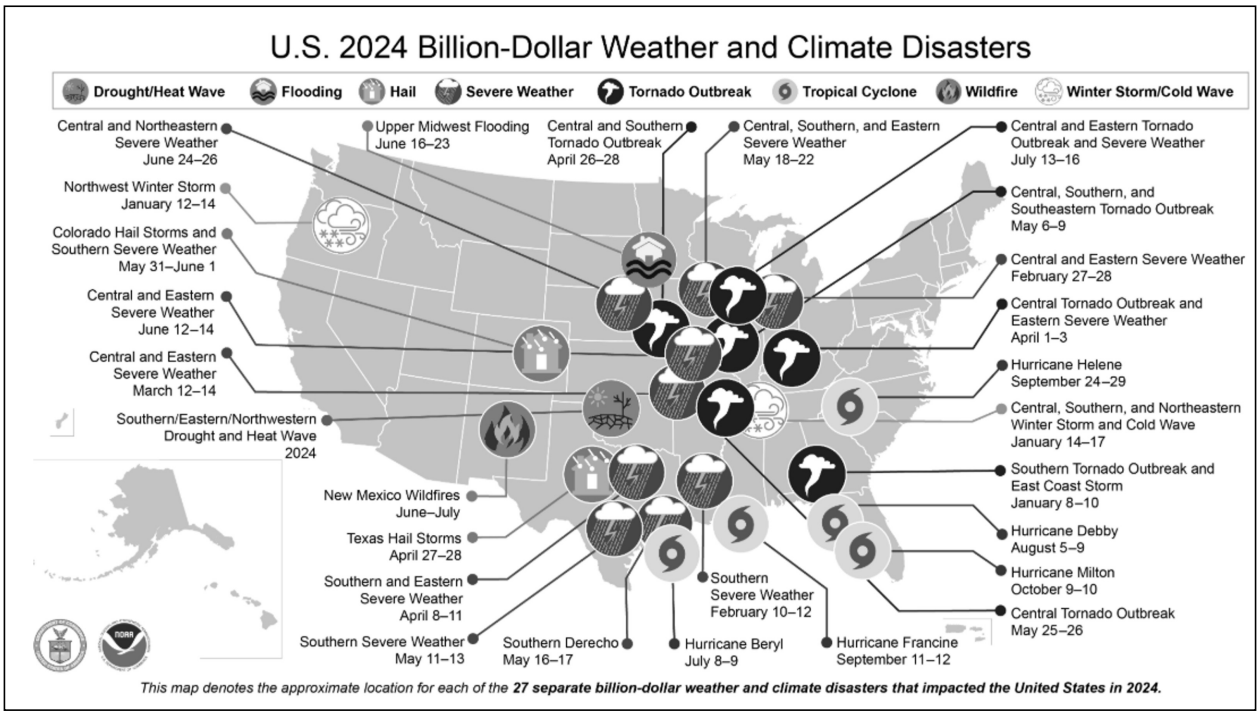
HOA INSURANCE MINNESOTA MARKET UPDATE



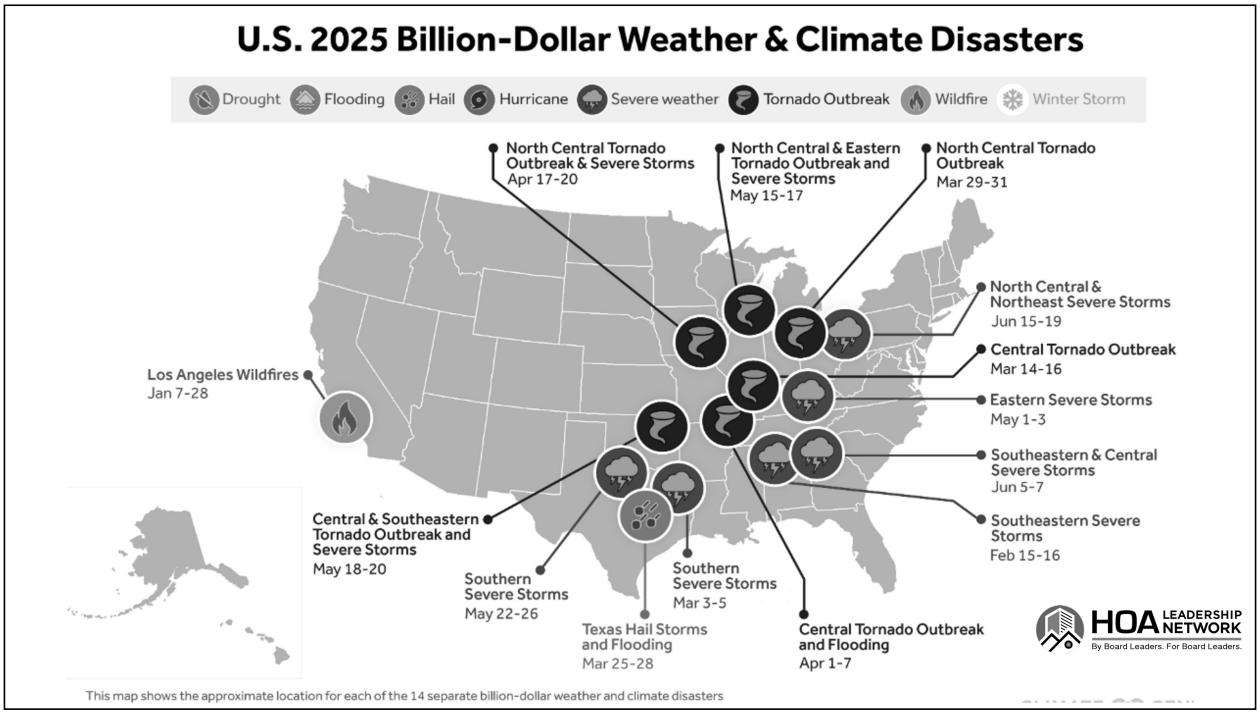
ERIC SKARNES
INSURANCE WAREHOUSE
(612) 354-2040
myinsurancewarehouse.com

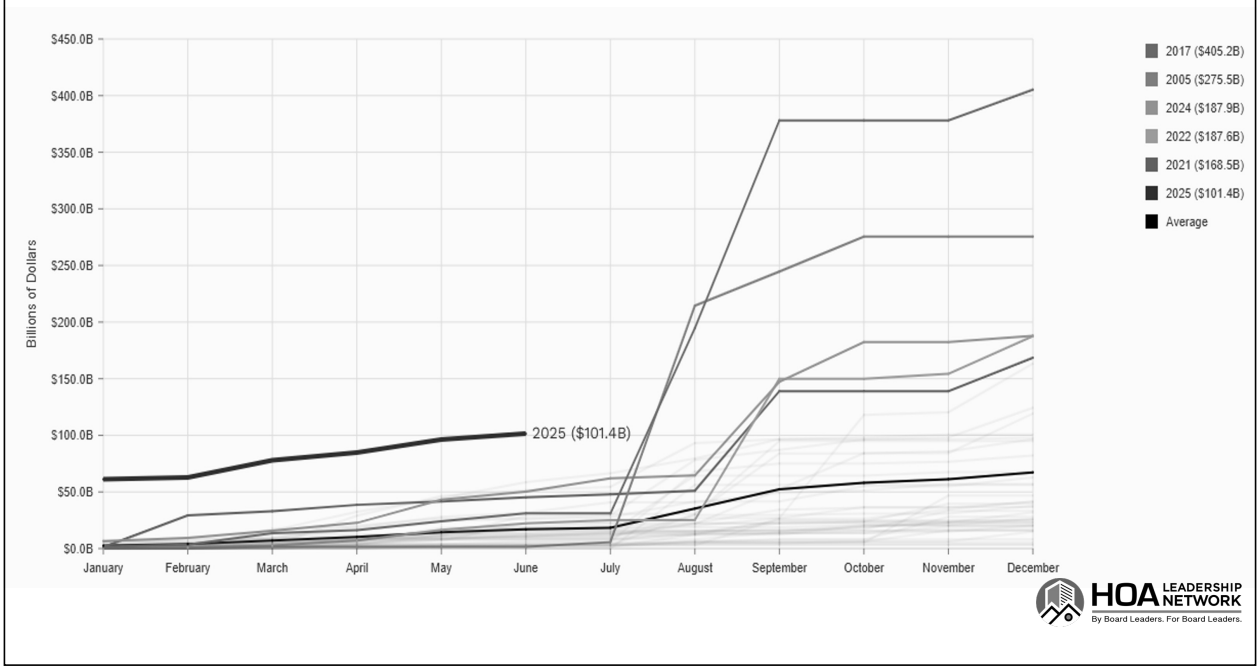


*This map denotes the approximate location for each of the **25 separate billion-dollar weather and climate disasters that impacted the United States through October 2023.***



*This map denotes the approximate location for each of the **27 separate billion-dollar weather and climate disasters that impacted the United States in 2024.***


U.S. 2025 Billion-Dollar Weather & Climate Disasters
Drought
Flooding
Hail
Hurricane
Severe weather
Tornado Outbreak
Wildfire
Winter Storm
North Central Tornado Outbreak & Severe Storms
Apr 17-20
North Central & Eastern Tornado Outbreak and Severe Storms
May 15-17
North Central Tornado Outbreak
Mar 29-31
North Central & Northeast Severe Storms
Jun 15-19
Central Tornado Outbreak
Mar 14-16
Eastern Severe Storms
May 1-3
Southeastern & Central Severe Storms
Jun 5-7
Southeastern Severe Storms
Feb 15-16
Los Angeles Wildfires
Jan 7-28
Central & Southeastern Tornado Outbreak and Severe Storms
May 18-20
Southern Severe Storms
May 22-26
Southern Severe Storms
Mar 3-5
Texas Hail Storms and Flooding
Mar 25-28
Central Tornado Outbreak and Flooding
Apr 1-7
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This map shows the approximate location for each of the 14 separate billion-dollar weather and climate disasters


Billions of Dollars
$450.0B
$400.0B
$350.0B
$300.0B
$250.0B
$200.0B
$150.0B
$100.0B
$50.0B
$0.0B
January
February
March
April
May
June
July
August
September
October
November
December
2025 ($101.4B)
2017 ($405.2B)
2005 ($275.5B)
2024 ($187.9B)
2022 ($187.6B)
2021 ($168.5B)
2025 ($101.4B)
Average
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2025 – OFF TO A BAD START

- **American Family – Non-renewing all HOA's**
- **Country Financial- Non-renewing all HOA's**
- **State Auto acquired by Liberty Mutual no longer writing 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

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2025 – FINISHING STRONG

- **No Major Hails Claims – 2nd Year in a Row**
- **New Standard Carrier Entered Market – Honeycomb (Trisura)**
- **Current Carriers Loosening Underwriting Guidelines**
  - Auto-Owners dropped wind/hail from 10% to 5%
  - Berkshire decreases rates by 20%
  - Hallmark (HDI Global) increased maximum TIV to $20M
  - Badger Mutual increased maximum from $7M to $15M
- **Non-Standard Carriers Targeting Minnesota**
  - Fortegra, MS Transverse, Lloyd's of London, AmRisc

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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.

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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

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RENEWALS – WHAT TO EXPECT/HOW TO PREPARE

What To Expect:

Standard Carriers: Renewals are averaging between 5-15% rate increases

Non-Admitted Carriers: Renewals are decreasing on average 10-50%

How To Prepare:

- Confirm current agents plans – carriers and time frame

- If necessary, engage 1 additional agent who specializes in HOA's

*** Identify carriers that both agents will be working with**

- Evaluate options – exclusions, deductibles, blanket replacement cost, ancillary lines

*** AI can be very helpful – ChatGPT or NotebookLM**



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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

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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
- * Some carriers pull back from requirements

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

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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.

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 that $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 that 5% per building



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

