

Why HOA Insurance Premiums are Increasing Rapidly

Homeowners Associations (HOAs) across the United States are grappling with a significant challenge: skyrocketing insurance premiums. These increases are not isolated incidents but part of a broader trend affecting property insurance nationwide. In recent years, HOA master policies—which cover common areas, buildings, and liability—have seen double-digit hikes, sometimes doubling in cost within a short period. This surge places financial strain on boards, leading to higher dues for residents and difficult budgeting decisions. Understanding the root causes is essential for HOA leaders to navigate this landscape effectively. This article explores the primary drivers behind these rapid increases, drawing on industry insights and recent data.

Key Factors Driving the Increases

Several interconnected economic, environmental, and market forces are fueling the rise in HOA insurance costs. These factors have intensified post-2020, exacerbated by global events and long-term trends.

- 1. Inflation and Rising Construction Costs:** Inflation has been a persistent driver of higher insurance premiums. As the cost of materials, labor, and repairs escalates, insurers adjust rates to cover potential claims. For HOAs, this means higher replacement value estimates for shared structures like clubhouses, pools, and roofs. Construction costs have risen due to supply chain disruptions lingering from the pandemic, with lumber, steel, and other materials seeing price volatility. Additionally, tariffs on imported goods have compounded these expenses, forcing insurers to pass costs onto policyholders. In 2025, inflation alone contributed to a projected 8% national increase in home insurance rates, which directly impacts HOA policies.
- 2. Increasing Frequency and Severity of Natural Disasters:** Climate shifts have dramatically increased the frequency and intensity of natural disasters, leading insurers to reassess risk profiles for properties, including those managed by HOAs. Events like hurricanes, wildfires, floods, and severe storms have resulted in billions in claims, prompting companies to raise premiums or exit high-risk markets altogether. For HOAs, this is particularly acute in communities with extensive common areas exposed to weather events. Insurers are now incorporating advanced climate modeling, which predicts higher future losses, into pricing. In 2025, areas prone to extreme

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weather saw insurance becoming less affordable and available, with some HOAs facing non-renewals or exclusions for certain perils. This trend is expected to continue into 2026, with climate risk remaining a top concern for the industry.

3. Reinsurance Market Pressures: Reinsurance—the insurance that insurers buy to protect themselves from large losses—has become more expensive and scarcer. When primary insurers face massive payouts from disasters, they rely on re-insurers, but global reinsurance rates have surged due to accumulated losses. This cost is trickled down to HOA policies. For instance, after a series of catastrophic events in recent years, re-insurers have tightened underwriting standards and increased premiums by 20-50% in some cases. HOAs, often seen as higher-risk due to concentrated exposures (e.g., multiple units in one building), bear a disproportionate share of these hikes.

4. Increased Claims Frequency and Insurer Losses: HOAs have experienced a rise in claims from property damage, liability issues, and even emerging risks like cyberattacks on community systems. Insurers are recouping historic losses from under priced policies in the past, leading to rate corrections. Market volatility, including higher litigation costs from disputes over claims, adds to the pressure. In one example, an HOA's master policy premium jumped significantly due to automatic inflation adjustments in coverage limits and general rate increases by the carrier. Overall, the industry reported massive losses in 2023-2024, prompting a "hard market" where premiums rise to restore profitability.

Other Economic and Regulatory Factors: Broader economic issues, such as interest rate fluctuations and government regulations, play a role. For example, new building codes requiring resilient materials increase rebuilding costs, which insurers factor into premiums. Additionally, in some regions, regulatory approvals for rate hikes have been granted more readily to prevent insurer insolvencies. The adoption of AI and data analytics by insurers is also refining risk assessments, sometimes leading to higher rates for HOAs with older infrastructure or poor maintenance histories.

Implications for HOAs

These increases force HOAs to make tough choices, such as raising assessments, cutting amenities, or seeking alternative coverage. Higher dues can lead to resident dissatisfaction and even legal challenges if not communicated transparently. In high-risk areas, some HOAs are turning to self-insurance or captive programs, but these come with their own complexities.



Looking Ahead to 2026

As HOA insurance premiums are projected to remain elevated or continue rising into 2026 due to ongoing inflation, climate risks, and reinsurance pressures, many associations are seeking proactive solutions to secure better coverage at more competitive rates. For communities managed by HOAMCO, our established partnership with LaBarre Oksnee—the nation's largest retail insurance brokerage specializing in HOAs—offers a valuable opportunity. With over 35 years of experience insuring more than 10,000 associations, LaBarre provides HOAMCO communities with "white glove" service, including complimentary risk assessments, free policy reviews, multiple competitive quotes from A.M. Best "Excellent"-rated carriers, and dedicated support throughout the renewal process. **This program can help boards achieve compelling pricing and enhanced coverage options with minimal effort, positioning your association for greater stability in a challenging market. Boards interested in exploring this option are encouraged to contact Marc Siebenbrodt, Insurance Manager via email at insurance@ccmcnet.com.**

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Strategies for HOAs to Manage Rising Costs

HOAs aren't powerless. Conducting regular risk assessments, improving property maintenance to reduce claims, and shopping for competitive quotes can help. Bundling policies, increasing deductibles judiciously, and educating residents on risk mitigation (e.g., fire-resistant landscaping) are practical steps. Working with experienced brokers specializing in community associations can uncover savings.

In conclusion, the rapid rise in HOA insurance premiums stems from a perfect storm of inflation, disasters, and market dynamics. By staying informed and proactive, HOA boards can mitigate impacts and ensure long-term financial health for their communities. **H**



Spotting Phishing Emails: Stay Safe Online

Phishing emails are deceptive messages designed to trick you into sharing sensitive information, such as passwords, bank details, or personal data. Cybercriminals often disguise these emails as coming from trusted sources—like your bank, HOA management company, or even a neighbor—to create a sense of urgency or familiarity. In our community, where we frequently communicate about dues, maintenance requests, or events via email, phishing attempts can blend in easily. Being aware of these scams helps protect not just your own information but also our shared community resources.

Common red flags include unexpected requests for personal or financial information, urgent demands (e.g., "Pay now or face penalties"), poor grammar or spelling errors, and suspicious sender addresses that mimic legitimate ones but have slight variations (like "hoa-support@fake.com" instead of the real domain). Hover over links without clicking to check the actual URL—phishers often hide malicious sites behind shortened or misleading links. Attachments from unknown senders can also contain malware, so avoid opening them unless you're certain of the source.



If you receive a suspicious email, do not click links, reply, or download attachments. Instead, forward it to your email provider's abuse team. If you are suspicious about an email from a HOAMCO staff member, call them directly for verification. Enable spam filters, use multi-factor authentication on accounts, and keep your antivirus software updated. By staying vigilant and sharing these tips with neighbors, we can all contribute to a safer digital community. Report any concerns promptly—together, we're stronger against scams! **H**

Federal Regulations for 55+ Communities:

Understanding the Housing for Older Persons Act (HOPA)

As residents of a 55+ community, many of us chose this lifestyle for the peace, amenities, and like-minded neighbors it offers. But did you know that the ability to maintain age restrictions in homeowners association (HOA) communities is governed by specific federal laws? These rules ensure that senior housing remains protected while complying with broader fair housing principles.

At the federal level, the key legislation is the **Housing for Older Persons Act (HOPA)** of 1995, which amended the **Fair Housing Act** (part of the Civil Rights Act of 1968). The Fair Housing Act prohibits discrimination in housing based on familial status (e.g., families with children under 18), but HOPA provides a crucial exemption for qualified senior communities. This allows 55+ HOAs to legally restrict residency to older adults without violating anti-discrimination laws.

A Brief History

The Fair Housing Act was expanded in 1988 to protect families with children from discrimination. However, this created challenges for senior housing. Congress passed HOPA in 1995 to clarify and protect age-restricted communities. Signed into law by President Bill Clinton, HOPA eliminated an earlier requirement for “significant facilities and services” specifically for seniors and simplified the rules. The U.S. Department of Housing and Urban Development (HUD) finalized implementing regulations in 1999.

Importantly, HOPA only exempts communities from familial status discrimination—it does not allow discrimination based on race, color, religion, sex, national origin, or disability.

Types of Exempt Senior Housing

HOPA recognizes three main categories of “housing for older persons.” Most 55+ communities fall under the third category.

- 1. 100% 62+ Housing:** All units must be occupied solely by persons 62 years or older (with limited exceptions, like employees or pre-1988 residents).
- 2. State or Federal Elderly Programs:** Housing provided under government programs designed for seniors.
- 3. 55+ Housing:** The most common for HOA communities—intended and operated for persons 55 or older.

Key Requirements for 55+ Communities

To qualify for the HOPA exemption, a community must meet all of these criteria:

- 1. The 80/20 Rule (Occupancy Requirement):** At least 80% of occupied units must have at least one resident who is 55 years of age or older. This allows up to 20% of units to be occupied by younger residents (e.g., under-55 spouses, adult children providing care, or survivors after a qualifying resident passes away).
 - Unoccupied units or those reserved for 55+ residents don't count against the 80%.
 - Certain units are excluded from calculations, such as those occupied by under-55 employees providing maintenance or by caregivers as a reasonable accommodation for disability.
 - New communities don't need to meet the 80% threshold until at least 25% of units are occupied.
- 2. Demonstrate Intent to Operate as 55+ Housing:** The community must publish and follow clear policies showing it is intended for older persons. Examples include:
 - Written rules, covenants, deed restrictions, or lease provisions stating the age requirement.
 - Advertising and marketing materials describing the community as “55+” or senior housing.
 - Public postings in common areas (e.g., clubhouse signs).
 - Consistent enforcement practices. Vague terms like “adult community” are not sufficient—specific language about age 55+ is needed.
- 3. Age Verification Procedures:** Communities must have reliable systems to verify resident ages and compliance with the 80% rule. This includes:
 - Routinely collecting documentation (e.g., driver's license, birth certificate, passport, or self-certification affidavits).
 - Conducting surveys of residents at least every two years to update records.
 - Maintaining records (surveys and affidavits) that can be produced if challenged—these are admissible in legal proceedings. HOAs must integrate verification into normal processes, like during sales or rentals. **H**