

Insurance Premium Increases: What you can do to prepare



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Why Premiums Are Increasing:

Across California, associations are experiencing rising insurance premiums, higher deductibles, reduced coverage, and increased underwriting scrutiny. Insurers are closely evaluating claims history, building condition, wildfire exposure, deferred maintenance, and overall risk management practices.

Legal Disclosure Requirements:

Insurance information must be disclosed annually as part of the budget report. If a policy is canceled, lapses, or experiences a significant reduction in coverage or increase in deductible, the association must notify members as soon as reasonably practicable.

If the association receives a notice of nonrenewal and replacement coverage will not be in place by the lapse date, immediate member notice is required.

What Boards Can Do Proactively:

- Build conservative insurance assumptions into the operating budget
- Avoid treating insurance as a flat or predictable expense
- Address deferred maintenance that increases water intrusion and fire risk
- Coordinate reserve planning with high-risk building components
- Evaluate deductible levels and ensure funds are available if a claim occurs
- Maintain required coverages and confirm policy adequacy annually

Communication Matters:

Insurance increases can frustrate homeowners. Boards that explain the cause of increases, the steps being taken to mitigate risk, and the long-term financial strategy tend to experience fewer disputes and better homeowner cooperation.

How Packard Can Help:

PMG works closely with boards and insurance professionals to improve underwriting profiles, coordinate disclosures, and build budgets that absorb volatility without sacrificing maintenance or compliance.

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