



Across the United States, community associations are experiencing dramatic increases in property and casualty insurance premiums for master or association policies. Recent research by the Foundation for Community Association Research shows that more than 90 % of associations reported higher premiums at their most recent renewal, and a substantial portion saw increases greater than 100 %. Many communities are also losing access to one or more carriers, forcing them to turn to surplus market insurers with higher rates and stricter terms.

These rising costs are driven by several broader market forces. Insurers are facing higher losses from catastrophic weather events, inflation in construction and materials costs, and greater scrutiny on building condition and deferred maintenance. As a result, some carriers have tightened underwriting standards, raised deductibles, reduced coverage limits, or declined to renew existing policies.

## Financial Impact on Associations and Homeowners

The impact of rising insurance premiums on association finances is significant. Associations frequently must absorb these cost increases by raising regular assessments, imposing special assessments, or reallocating reserve funds. In national surveys, nearly half of associations used higher dues to cover insurance cost increases, and a notable share resorted to special assessments or operating funds to bridge the gap.

Increasing insurance costs also contribute to the broader rise in HOA and condo fees, which have climbed noticeably in recent years. In many markets, monthly association fees have risen well above general inflation, with insurance being a major driver of that trend.

## Notice Requirements for Nonrenewal (Arizona Context)

Under Arizona insurance law, an insurer is required to provide advance notice before a policy is nonrenewed at the end of its term. This notice period also applies when a renewal is conditioned on reduced limits or elimination of coverage. Once a nonrenewal or premium increases are communicated, there is often a narrow window to take action — including soliciting competitive quotes or engaging advisors.

## The Importance of Early Strategy and Coordination

When an association receives notice of a large premium increase or a nonrenewal decision, it's vital to act promptly. Waiting until the premium is due or only days before renewal is risky and can leave the association with limited options. Ideally, boards should schedule a strategy call as soon as the notice arrives that includes the management company, the insurance agent or broker, and the association's attorney. During this call, the team can review the insurer's rationale for the renewal terms, explore alternative carriers, and evaluate strategic options such as adjusting coverage levels or increasing deductibles.



Insurance brokers often need several weeks to obtain competitive quotes from multiple carriers, especially when carriers are selective about the risks they will underwrite. Early planning allows associations to avoid last-minute decisions and to make informed choices about whether to accept proposed terms, negotiate, or seek coverage elsewhere.

## Adjusting Coverage and Risk Management Approaches

In many cases, associations facing steep premium increases find it necessary to adjust policy terms. One common response is to raise deductibles to lower the annual premium, which can help affordability in the short term but also shifts greater risk to the association if a loss occurs. It is important for boards to evaluate how higher deductibles interact with reserve funding and financial planning, and whether governing documents or lending compliance requirements (such as those affecting Fannie Mae/Freddie Mac eligibility) might influence those decisions.

Another part of smart insurance management is conducting regular risk assessments and implementing risk mitigation measures where possible. Improving building maintenance, addressing deferred repairs, enhancing fire and storm protections, and documenting risk reduction activities can make the community more attractive to insurers and may help stabilize premiums over time.

## Communication and Transparency With Residents

Finally, associations should proactively communicate with homeowners about insurance cost trends, how premiums affect the budget, and what board actions are being taken. Transparency helps build trust and understanding when increases in dues or special assessments are necessary. Clear homeowner education about insurance market pressures, the association's financial strategy, and timelines for decision-making helps support a collaborative community response.

## Resources

Community Associations Institute (CAI) – Foundation for Community Association Research  
*Navigating Insurance Pressures in Today's Condo Market*  
<https://advocacy.caionline.org/navigating-insurance-pressures-in-todays-condo-market/>

Community Associations Institute (CAI) – HOA Resources  
*HOAs Report Big Challenges With Rising Insurance Premiums*  
<https://hoaresources.caionline.org/hoas-report-big-challenges-with-rising-insurance-premiums/>

Arizona Department of Insurance and Financial Institutions (DIFI)  
*Insurer Notice Requirements for Cancellation and Non-Renewal*  
<https://difi.az.gov/faq/insurer-required-provide-me-notice-if-they-intend-cancel-or-non-renew-my-homeowners-policy>



Arizona Department of Insurance and Financial Institutions (DIFI)

*Homeowners Insurance FAQs*

<https://difi.az.gov/homeowners-insurance-frequently-asked-questions>