

Condo association insurance costs doubled since 2022, new data shows



Condominium buildings line the coast from Hollywood and Hallandale Beach down to Miami. South Florida has the state's largest condo population. (Mike Stocker/South Florida Sun Sentinel)



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Property insurance costs in Florida continued to rise between the first and second quarters of the year, and condo associations have been hit hardest during that time.

The average cost of a commercial condo association policy — the kind that covers common properties like roofs, structures, and irrigation systems — jumped 6.6% in the second quarter, and over the past two years has more than doubled, increasing by 103% from \$72,570 to \$147,381, according to newly released data by the Florida Office of Insurance Regulation.

Smaller condominiums are paying less than the average and larger ones are paying more. But in each case, the increases are added to the monthly assessments paid by condo unit owners who are also facing higher assessments from inflation, as well as state-mandated requirements to undergo structural inspections and to fund reserves to make repairs.

Bryan Brooks, owner of a condo unit in Aventura, said the recent increases boosted assessments for owners of some of the larger units in his condominium by around \$300 a month.

He said the association's insurer gave no reason. "Just said everyone is getting an increase," he said.

Roxana Dorigo, executive vice president of finance for the community association division of KW Property Management and Consulting, said the increased insurance costs caused monthly assessments to increase from around \$750 to more than \$1,000 over the past few years at a typical older mid-priced condominium managed by the firm.

Dulce Suarez-Resnick, an agent at Miami-based Acentria Insurance whose clients include condominium associations across the region, calls 2024 a "stabilizing year" after a rapid rise of rates that began in 2021.

Still, she said, older condominiums built before building codes were strengthened in the wake of Hurricane Andrew continued to see insurance costs rise while some associations that oversee newer concrete buildings with impact windows got a break.

One of her associations, in a building from the 1980s with a 13-year-old roof, saw an increase of 15% to 20%, while another association with a 2005-built concrete structure, impact windows and a two-year-old roof is paying a lower premium.

"It went down 4%," she said. "Not an astronomical amount, but it's going in the right direction."

Dorigo concurred: "Newer associations that we manage have seen either their property insurance staying the same or going down slightly, so we're seeing a little bit of a relief."

Home insurance costs keep rising

A review of quarterly market share reports from the Florida Office of Insurance Regulation shows that costs continued to rise through the second quarter of 2024. For single family homes and condo units, the pace has slowed compared to previous quarters.

Quarter	Policies	Average policy cost	% change
Condo associations			
2022-Q2	11,268	\$72,570	
2022-Q3	11,412	\$75,901	4.6%
2022-Q4	6,335	\$76,293	0.5%
2023-Q1	11,609	\$97,286	27.5%
2023-Q2	12,525	\$126,097	29.6%
2023-Q3	13,246	\$130,692	3.6%
2023-Q4	13,473	\$134,812	3.2%
2024-Q1	13,632	\$138,309	2.6%
2024-Q2	13,841	\$147,381	6.6%
Cumulative increase			103.1%

Quarter	Policies	Average policy cost	% change
Owner-occupied single-family homes			
2022-Q2	4,063,323	\$2,798	
2022-Q3	4,045,866	\$2,895	3.5%
2022-Q4	3,975,321	\$3,014	4.1%
2023-Q1	4,086,813	\$3,134	4.0%
2023-Q2	4,088,891	\$3,283	4.8%
2023-Q3	4,140,395	\$3,379	2.9%
2023-Q4	4,107,990	\$3,466	2.6%
2024-Q1	4,124,316	\$3,511	1.3%
2024-Q2	4,170,016	\$3,558	1.3%
Cumulative increase			27.1%

Quarter	Policies	Average policy cost	% change
Condo units			
2022-Q2	953,601	\$1,343	
2022-Q3	940,045	\$1,372	2.2%
2022-Q4	932,156	\$1,419	3.4%
2023-Q1	937,952	\$1,483	4.5%
2023-Q2	928,742	\$1,572	5.9%
2023-Q3	930,997	\$1,616	2.8%
2023-Q4	934,106	\$1,650	2.1%
2024-Q1	925,359	\$1,692	2.6%
2024-Q2	926,721	\$1,715	1.3%
Cumulative increase			27.7%

Table: Ron Hurtbise - Source: South Florida Sun Sentinel analysis - Get the data - Created with Datawrapper

Figures in this report come from the South Florida Sun Sentinel's analysis of statewide property insurance market share data that the Florida Office of Insurance Regulation has been releasing since the second quarter of 2022 as required under a provision of insurance reform laws enacted that year.

The averages are derived by dividing the number of policies into the total premiums paid. Each insurance company regulated by the state is required to submit its totals, plus other information, every quarter.

Average costs of insurance for 13,841 condo associations in Florida were calculated by combining [the four types of commercial condominium insurance](#) identified in the state's report: multiperil coverage that covers structural issues and liability, dwelling/fire coverage that covers buildings and common elements from fire and severe weather, wind-only coverage that only covers damage from hurricanes, and allied lines policies that cover damage from a variety of perils.

The Community Association Institute, a trade group representing condo associations and affiliated industries, estimates that three million Floridians live under more than 27,500 condominium associations throughout the state. That means nearly half of condo associations either have no property insurance or purchase from the surplus market that's not regulated by the state.

Increases in homeowner insurance costs slowing

The same reports show that homeowners are still seeing their insurance costs rise, even as state officials tout an improving insurance market.

The average cost of insuring an owner-occupied single-family home increased by 1.3% in the second quarter, the same rate as during the first quarter.

The average cost to insure a condo unit — which owners must pay in addition to association insurance if they want to cover what's inside their walls — also increased

by 1.3%. That was the lowest rate of increase since the office began releasing the reports in 2022.

The average annual premium to insure an owner-occupied single family home in the state increased between the first and second quarters from \$3,511 to \$3,558 while the average cost to insure a condo unit increased from \$1,692 to \$1,715.

Insurance costs for owner-occupied houses and condo units in Florida have increased this year at the lowest rate of any state in the nation, said Mark Friedlander, director of corporate communications for the industry-funded Insurance Information Institute, a consumer-focused nonprofit organization.

"Most states are seeing double-digit increases," he said.

In Florida, "rising replacement costs still play a role in determining the price of coverage, which is why the average premium has increased slightly," he said.

Friedlander added that legislative reforms enacted in 2022 and 2023 have resulted in fewer "frivolous lawsuits filed by billboard attorneys." As a result, 12 Florida residential insurers have sought rate decreases and 24 filed for no rate change this year, he said.

"These cost improvements will be passed down to policyholders over the next year," he said.

Cost increases for homes and condo units since June 2023 look reasonable compared to the 103% hike for condo association coverage during that time.

Since June 2022, average premiums for owner-occupied houses have increased by a total 27.1% — from \$2,798 to \$3,558. Average costs to insure privately owned condo units similarly increased by 27.7% — from \$1,342 to \$1,715.

The two 1.3% average increases of costs to insure owner-occupied homes over the first two quarters of this year followed much higher quarterly cost hikes since June 2022, including 3.5% in the third quarter of 2022, followed in succession by 4.1%, 4.0%, 4.8%, 2.9% and 2.6% to end 2023.

Costs stemming from rate increases that occurred prior to 2022 were not available for this analysis because insurers previously delivered market share reports to the state labeled as "trade secret."

Inspection and reserve requirements could further drive up costs

Suarez-Resnick blamed higher reinsurance costs for the surges of both homeowner and condo association insurance costs. Reinsurance is insurance that insurers in Florida pay to guarantee they can pay all claims after disasters.

Reinsurance costs rose sharply while the state's insurance market coped with rising claims from hurricanes Irma, Michael and Ian while absorbing increased costs of litigation prior to the reforms of 2022 and 2023.

Another cost driver was the 2021 collapse of the Champlain Towers South in Surfside, according to the CEO of Heritage Property Insurance Corp.

Average costs of more than 2,400 dwelling/fire policies sold by Heritage Property Insurance Corp. increased from \$52,613 in June 2022 to \$103,433, according to the state market share data.

In a statement to the Sun Sentinel, Heritage CEO Ernie Garateix said 20% of the increase was due to inflation.

"Additionally, after the Surfside building collapse the Southeastern United States saw an estimated 80% cost increase for reinsurance ... in just 2022 and 2023," Garateix said.

But since the beginning of 2024, reinsurance costs have decreased, according to Suarez-Resnick.

Condo owners are waiting for their costs to come down, particularly as they brace for additional increases in monthly assessments thanks to heightened inspection and reserve requirements enacted after the tower collapse.

Those laws require associations to complete Structural Integrity Reserve Studies of common elements no later than Dec. 31. The inspections are required to evaluate the roof, load-bearing walls, the foundation, floors, plumbing, waterproofing and fireproofing, windows, electric systems and any other item affecting the structure of the building that would cost more than \$10,000 to repair or replace.

The studies must identify remaining useful life of the structural elements and recommend annual reserves that associations must raise to repair or replace them.

Beginning Dec. 31, associations will no longer be permitted to waive or reduce funding for the reserve items or use reserve funds earmarked for the items for any other purpose.

Early last week, Gov. Ron DeSantis told lawmakers to suggest ways before the Dec. 31 deadline to ease the financial burden of complying with the requirements.

But some associations have already completed required inspections and levied special assessments to raise reserves necessary to fund repairs identified by the inspections.

Some associations have begun budgeting for the reserve requirement by raising assessments 15% to 20% in recent years and might require another 15% to 20% increase when their structural inspections are finalized, Dorigo said.

So that typical monthly assessment that was increased to \$1,000 by rising costs for condo association insurance could go up another \$300 to \$400, she said.

Some associations have made decisions to reduce their insurance burdens, including raising deductibles above 5% or even forgoing hurricane coverage, said Craig Garcia, president of Capital Partners Mortgage Services in Coral Springs.

When that happens, the associations no longer comply with minimum insurance requirements set by federal mortgage guarantors Fannie Mae and Freddie Mac.

Associations with older roofs might not be able to afford full replacement cost coverage and must settle for actual cash value coverage and that also can be something that lenders don't like, he said.

That leaves unit owners who want to sell to require all-cash purchases, or to ask Garcia and his team to find alternative loan sources, he said. "They're more expensive loans," Garcia said. "Some of the options get eliminated, and they're usually having to come up with a 20% to 25% down payment."