

2026 State of the Market

Texas HOAs, Condos & Townhomes

What's happening.
Why it happened.
What you can actually control.

Alex Medlin

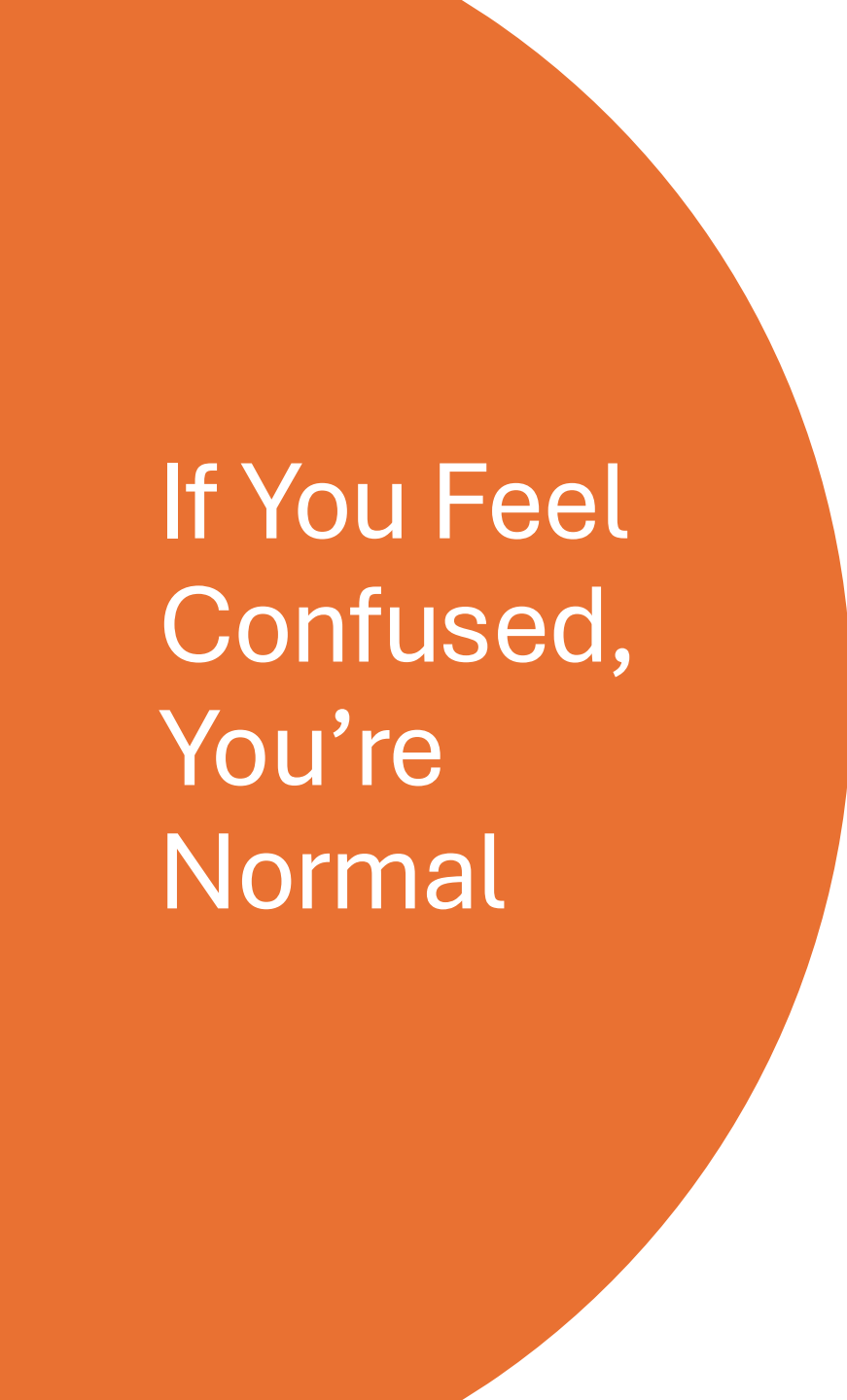
COO

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If You Feel Confused, You're Normal

If you feel like you understand commercial insurance less every year...
you are not alone.

This session is about:

- Explaining the chaos
- Separating signal from noise
- Giving boards leverage where it exists

Not:

- A policy deep dive
- A sales pitch
- A scare session





ACT 1 – THE STORY OF HOW WE GOT HERE



The Market 5 Years Ago (2019– 2020)

Insurance felt simple.

The “Easy” Years

Competitive pricing

Low deductibles

Plenty of carriers

Quick quotes

Boards got used to:

Shopping for the lowest
premium

Changing carriers easily

Expecting flat renewals

2020–2021: The Not-So-Good Ol' Days

What hit at once:

- Severe hail and wind events
- Winter Storm Uri (freeze water losses across Texas)
- Construction cost inflation
- Supply chain delays
- Labor shortages

Their response?

- Rates trending up
 - No losses? That often wasn't enough.
- Deductibles heightened
 - Can't file a claim if the deductible looks like the lottery jackpot!
- Underwriting guidelines tightened
 - If your roof is not loss free and brand new, and sometimes even if it is, some carriers wouldn't look twice.

Texas Weather Is Not a Theory



Texas has experienced:



~13.6 billion-dollars in losses due to weather disasters PER YEAR from 2020-2024. More than 3× its long-term average since 1980



Texas saw \$47.2 B in insured property losses in 2024 ALONE.



In 2024, Texas reported the most major hailstorms of any state, far outpacing #2 Kansas, driving commercial and roof claims sky-high. (more on this later)



Translation: At some point our ancestors looked at tornadoes, hail, and hurricanes and said... “Yep. Let’s build here.”



Incredible state. Questionable underwriting decisions circa 1836

2024 Major Wind/Hailstorms – By State

 Texas – Most in the U.S. (878)

 Kansas – Distant second
(495)



2022–2024: The Hard-er Market

(Maybe 2020-2021 Wasn't So Bad?)

Boards experienced:

- 20–40% increases with no losses
- Wind/hail deductibles shifting to percentages and per building
- Water deductibles carved out separately (Per Building? No, per UNIT)
- Higher rate of exclusions introduced
- Fewer carriers willing to quote

This was not personal.
It was systemic.





ACT 2 — WHAT TO EXPECT WHEN YOU CAN'T EXPECT ANYTHING

2026–2027 Outlook

Expect:

- Continued underwriting scrutiny
- Detailed roof and water questions
- Carrier's narrowing their appetite for communities
- More documentation requests
- Better odds at a flat/reduction in premium at renewal under normal claim-minimal circumstance

Do not expect:

- A return to 2018 pricing
- Zero questions at renewal

The market is cautious, not chaotic.



What That Outlook Means for Your Next Renewal

You may see:

- More detailed renewal questionnaires
- Requests for roof inspection reports
- Questions about water loss history
- Requests for updated valuations
- Longer underwriting timelines

You may NOT automatically see:

- Another 30% increase
- Deductibles climbing again
- Carriers disappearing

Stabilization Is Selective

Not every community is seeing the same outcome.

In today's market, carriers are separating risks more carefully than ever.

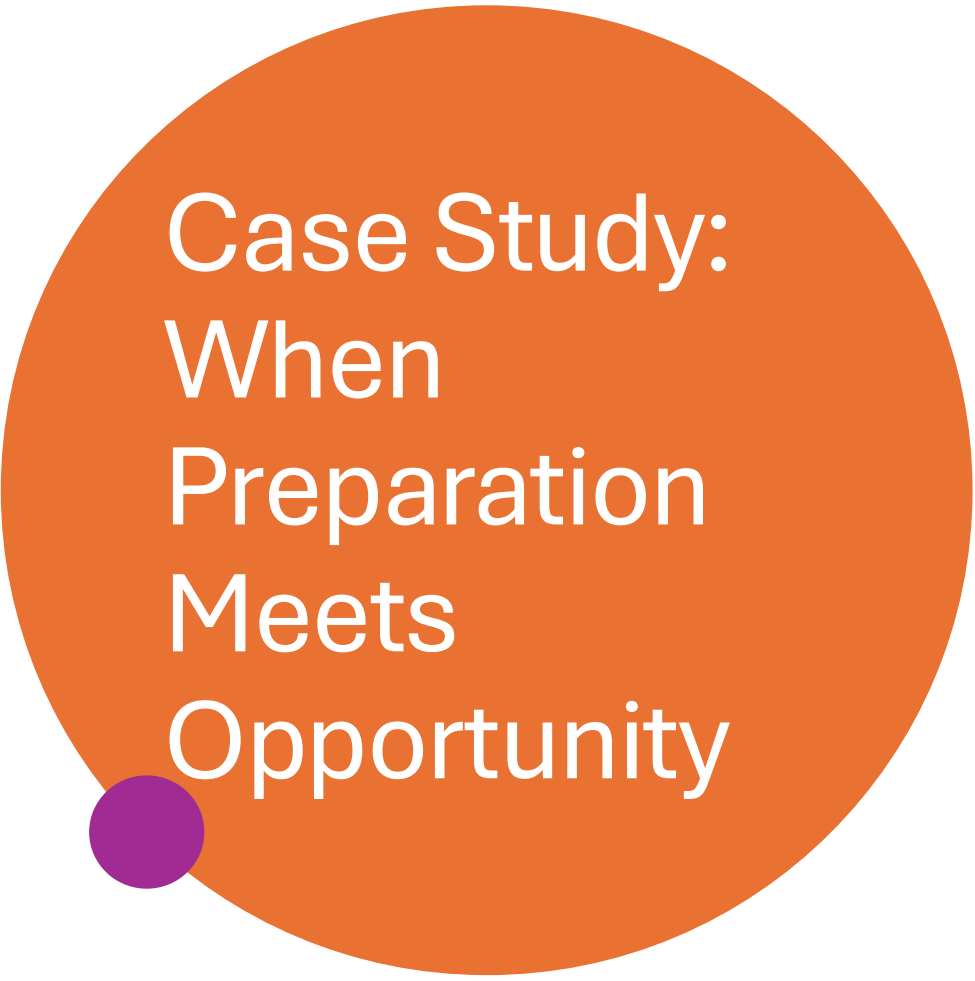

Communities more likely to see flat renewals or reductions typically have:

- Clean and consistent loss history “Do we NEED to file every claim?”
- Limited repeat water claims we actually follow?” “Do we have a maintenance plan in place
- Updated replacement cost valuation “Do we even know what we have??”
- Clear maintenance documentation “I swear we had that roof repaired 3 summers ago??”
- Stable, coordinated insurance strategy claim exclusion!” “I love our premium but I hate our policy’s

The market is no longer reacting blindly.

It is differentiating.





Case Study: When Preparation Meets Opportunity

What We Found:

- A North Texas Condominium association where a property valuation had not been updated in several years
- Community was underinsured by well over seven figures
- Maintenance and claims history were strong. Great documentation and history from management and board

What Was Done:

- Completed updated replacement cost valuation mid-term
- Presented organized underwriting documentation
- Engaged additional qualified markets

Result:

- Multi-million dollar increase in insured property limits
- Over \$100,000 reduction in premium
- Stronger long-term carrier alignment

Lesson:

Strong risk documentation and presentation changes outcomes.



ACT 3 — THE RULES
AROUND YOU ARE
SHIFTING



Texas HOA Legislative & Governance Trends



Recent focus areas in Texas HOA law discussions include:

- Increased notice and documentation requirements before enforcement
- Clearer due process standards
- Greater transparency expectations
- Discussion around seasonal enforcement flexibility (e.g., drought and lawn enforcement issues during extreme heat)
- Stronger procedural safeguards before fines

Why this matters:

- Boards are being held to higher documentation standards.
- That affects liability exposure.



Governance
Quality
Impacts
Insurance
Outcomes

Insurance carriers evaluate more than property risk.

They also consider:

- Board stability
- Dispute frequency
- Litigation history
- Governance discipline

**Weak documentation or inconsistent enforcement
increases D&O exposure.**

Strong governance reduces perceived volatility.

**Insurance prices community behavior as much as the
weather.**



You cannot control:

- Texas weather
- National catastrophe trends
- Reinsurance cycles
- Legislative shifts

But you are not powerless.

There are meaningful levers
boards can pull
to improve their insurance
outcomes.

That brings us to **control**.

So What Does That Mean for You?



ACT 4 — WHERE BOARDS HAVE LEVERAGE

This is where outcomes begin to separate

What You Cannot Control

Storm
frequency

National loss
trends

Carrier
appetite
shifts

Inflation

Reinsurance
pricing

Volatility

The goal is not elimination of volatility; **it is reduction of chaos.**



What You CAN Control

Boards control:

- How insurance is approached (strategy vs transaction vs “just whatever is cheapest”)
- Loss frequency patterns
- Maintenance documentation
- Replacement cost accuracy
- Deductible philosophy
- Claims decision-making
- Market representation strategy

This is where outcomes begin to separate.



ACT 4A — STRATEGIC LEVERS
How boards approach the
market.

Insurance: Strategy vs Annual Auction

If you hired a new landscaper every year based only on the lowest bid...

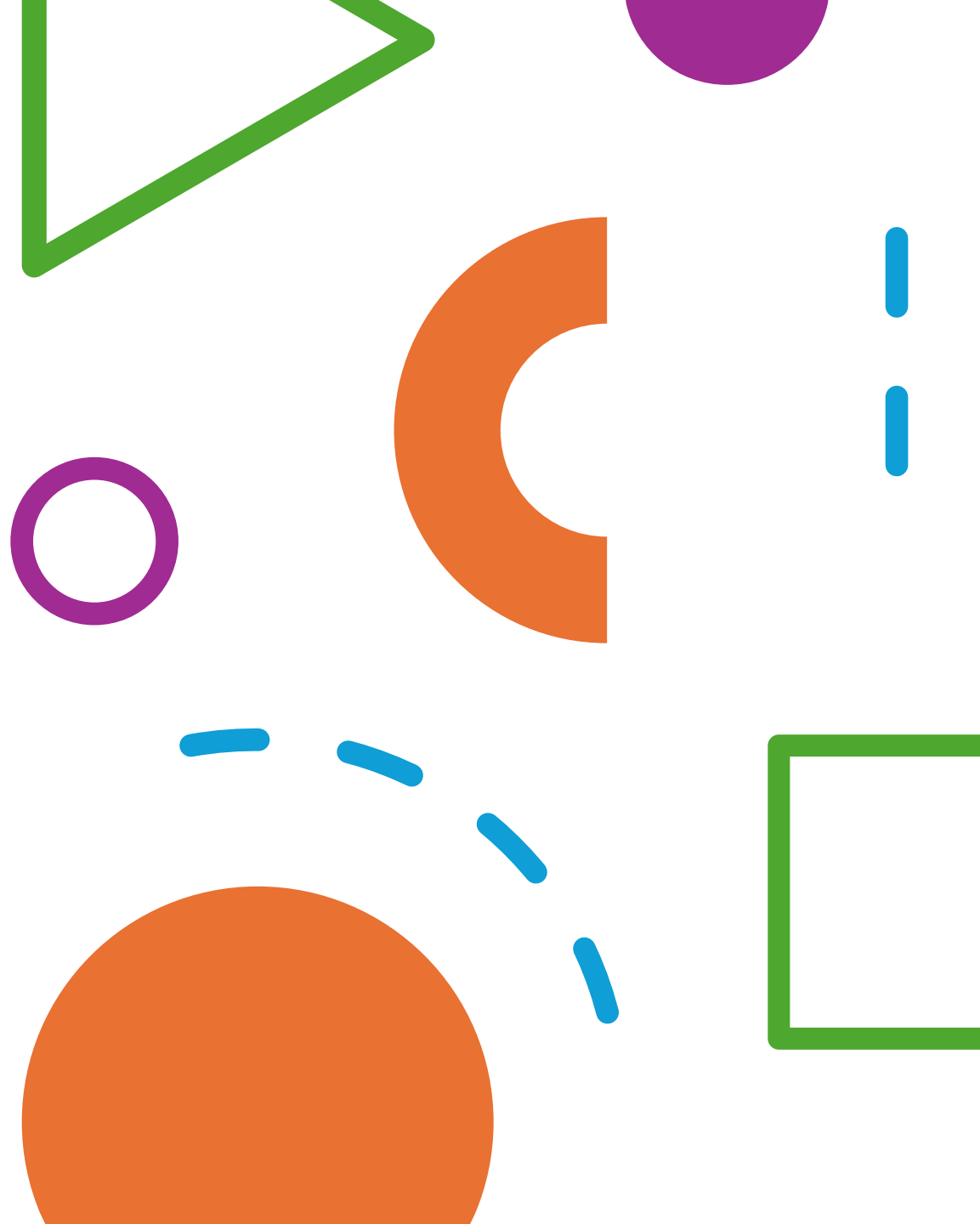
You wouldn't expect consistent results.

Insurance works the same way.

When associations treat insurance like an annual auction:

- Carriers assume short-term thinking
- Underwriters question long-term stability
- Relationship equity resets
- Negotiation leverage weakens

Strategic stability improves outcomes





What Insurance Markets Reward

Carriers prefer to see:

- Clear representation
- Intelligent deductible philosophy
- Predictable claims behavior
- Fewer structural changes year to year
- A long-term approach to risk

Insurance markets reward stability.

Strategic consistency often produces better long-term pricing than chasing the lowest annual number.

How Oversaturating the Market Backfires

More agents +more quotes

≠

better results.

When multiple agents hit the same carriers:

- Markets get blocked
- Underwriters receive conflicting submissions
- The account looks disorganized
- Strong carriers may refuse to quote next year

Real consequence:

If five different agents each bring one good quote...
The only loser is the community.

Better approach:

One coordinated strategy.
Clear marketing plan.
Full transparency.

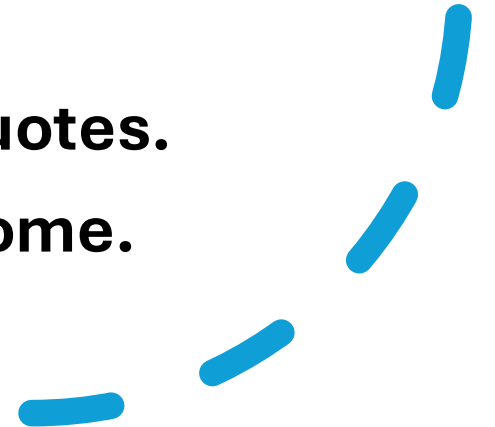
What Strategic Insurance Looks Like

An ideal strategic approach includes:

- Working with one coordinated advisor you trust to shop the entire market
- Allowing that advisor to approach appropriate markets intentionally, with time
- Building multi-year underwriting credibility
- Presenting clean, consistent submissions
- Avoiding unnecessary market noise

The goal is not the most quotes.

The goal is the best outcome.



Specialization Matters in Association Insurance

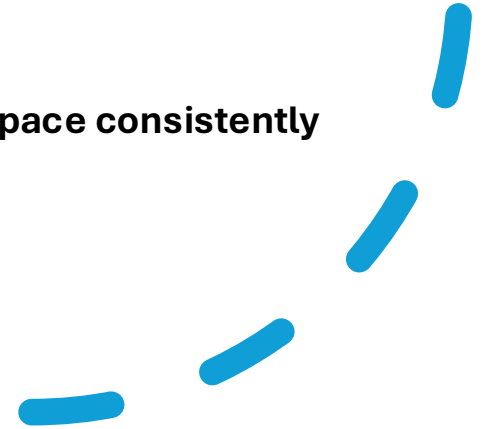
Community associations are not standard commercial risks.

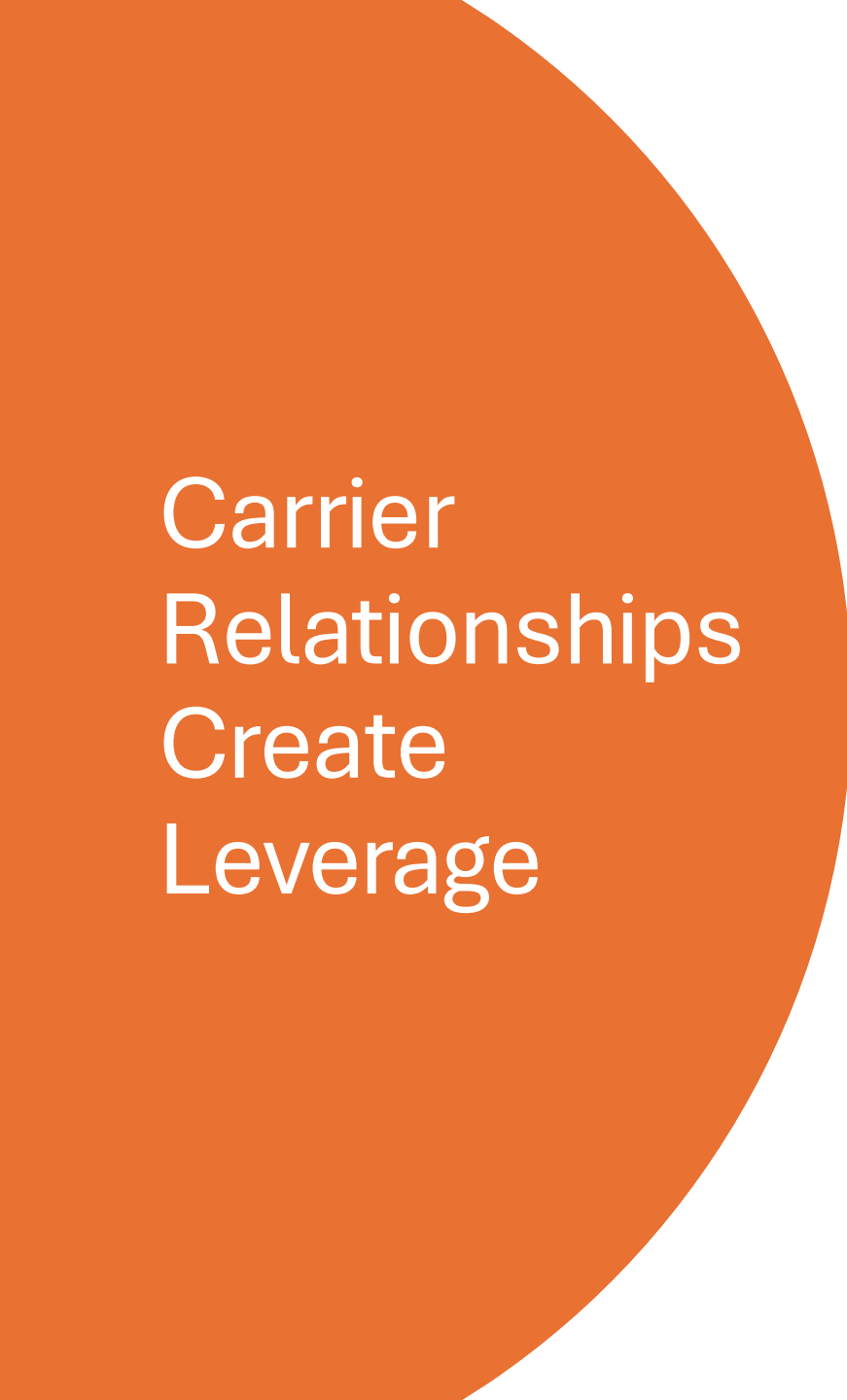
They involve:

- Shared property ownership
- Governing documents and bylaws
- D&O exposure
- Reserve planning
- Unit-owner compliance
- Wind/hail and water concentration risk

You would not want a brain surgeon who practices automotive repair 30% of the time.

Associations benefit from advisors who work in this space consistently and understand its nuances.





Carrier
Relationships
Create
Leverage

Insurance is not only numbers. It is also credibility.

Agents who consistently work with association carriers:

- Understand underwriting expectations
- Know which markets are appropriate
- Maintain ongoing dialogue with underwriters
- Can advocate effectively during renewal

Relationship equity can influence:

- Responsiveness
- Flexibility
- Negotiation strength

Markets are more confident when they know the advisor.



Underwriters Think in Numbers But Decide on Narrative

- Loss ratios
- Replacement cost accuracy
- Deductibles
- Claims frequency
- Stability
- Organization
- Governance quality
- Maintenance discipline
- Context

A strong submission says:
“This is a stable, predictable risk.”
Predictability = Leverage



ACT 4B — OPERATIONAL LEVERS

How boards influence risk
profile.

Loss Frequency: The Silent Multiplier

Why small claims quietly raise premiums.

Underwriters are highly sensitive to:

- Repeated small water losses
- Patterns of minor claims
- Recurring maintenance issues

One large storm is often understood.

5 small water claims in two years is not.

Boards can influence:

- Whether every incident becomes a claim
- Whether root causes are corrected
- How quickly mitigation occurs
- Whether preventive inspections happen

Storms are uncontrollable.

Loss patterns usually are not.

A large orange circle on the left side of the slide, partially cut off by the edge.

Maintenance Documentation Is Insurance Leverage

Underwriters respond to proof, not promises.

Helpful documentation includes:

- Annual roof inspection reports
- Plumbing and water line inspections
- Written maintenance logs
- Updated reserve studies
- Evidence of corrective action after losses

“Good maintenance” is a statement.

Documentation makes it credible.

Disciplined communities are easier to insure.

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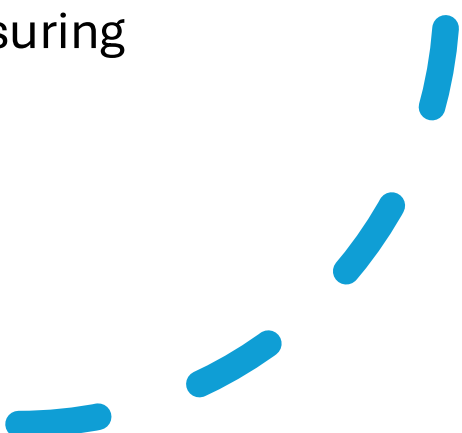
Replacement Cost Accuracy- Reality

The Most Controllable Variable in Your Renewal

- Buildings that cost \$120 per sq. ft. to rebuild a few years ago now cost \$175–\$225+ per sq. ft.
- Labor, materials, and code requirements have all increased

What Happens If You Don't Adjust?

If your true rebuild cost is \$9,000,000 but your policy limit is \$6,000,000, you are effectively self-insuring \$3,000,000.



What Happens If You Are Underinsured?

If true rebuild cost is **\$9,000,000** but your policy limit is **\$6,000,000**, you are effectively self-insuring **\$3,000,000**.

In a major loss:

- Claim payments may be reduced by coinsurance provisions
- The association may face significant special assessments
- Financial strain and owner tension follow

Real-World Pattern

We've seen communities insured at ~\$86 per square foot when actual rebuild cost was closer to ~\$175 per square foot.

Correcting that gap meant:

- Millions added to property limits
- A sharp premium adjustment

Keeping up with valuations is far less painful than a sudden 400% increase or discovering a gap after a catastrophic loss.

Claims Strategy: When to File

(and When to Pause)

Ask:

- **Is this above deductible?**
- **Is damage ongoing?**
- **Is root cause fixed?**
- **Have we consulted our advisor?**

Key Takeaway

- **Insurance is designed for significant events.**
- **One unnecessary claim can affect multi-year pricing.**
- **Using it for every minor issue can reduce long-term leverage.**
- **Disciplined claim philosophy protects insurability**

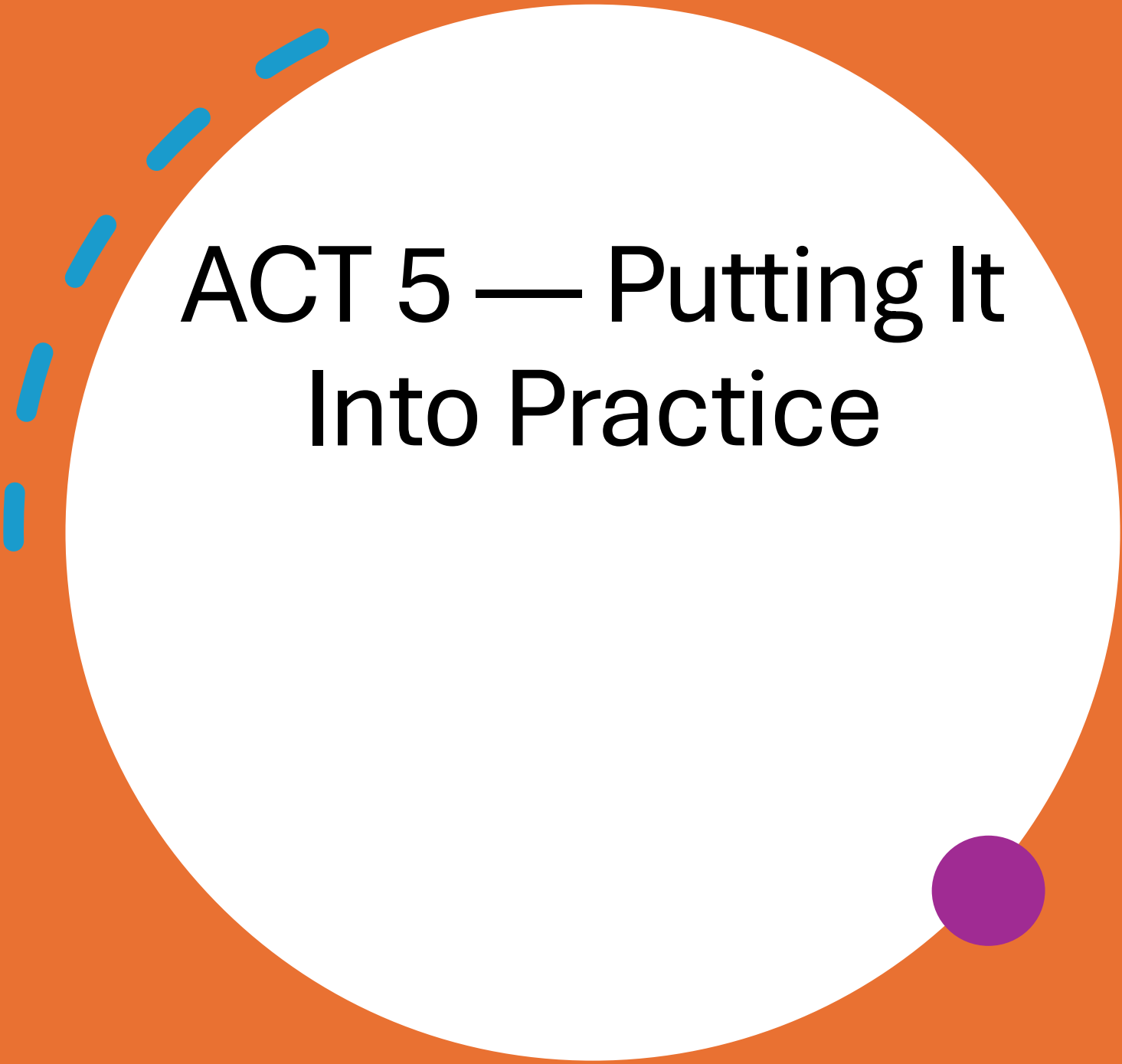


What Separates Strong Outcomes

Communities that perform better in volatile markets typically:

- Update valuations every 3–5 years
- Protect loss frequency
- Document maintenance
- Fund deductibles intentionally
- Approach the market strategically

Markets reward predictability



ACT 5 — Putting It Into Practice



How Boards Support a Smooth Renewal

A strong agent should:

- Begin marketing early
- Coordinate appropriate carriers
- Build a clean underwriting submission

Boards can help by:

- Keeping valuations current
- Maintaining organized documentation
- Confirming deductible philosophy early
- Avoiding last-minute structural changes

Why Timing Matters

Underwriters work on structured timelines.

Stability builds confidence.

Confidence builds leverage.



Board Reference Checklist



For your next renewal cycle, confirm:

- Property valuation updated within 3–5 years
- Loss history reviewed and recurring issues addressed
- Maintenance documentation organized
- Deductible strategy aligned with reserves
- Representation coordinated and strategic
- Renewal discussions started well in advance

Preparation improves leverage.

Discipline improves outcomes.

Final Perspective

**The last five years have tested associations across Texas.
Rates increased. Deductibles increased.
Underwriting tightened.**

Today, the market is stabilizing selectively.

Communities that:

- Present well
- Document well
- Plan intentionally
- Act strategically

Are beginning to see improved results.

You cannot control volatility. You can control preparation.

Who We Are

Association Specialists Since the 1990s

- 40+ year family-operated firm
- Early pioneers in HOA insurance in Texas
- Focused on associations for decades

Local. Accountable. Present.

- Based in Granite Park (121 & DNT)
- We attend board meetings
- We walk properties
- We understand communities because we live in them, too!

Scale & Experience

- 1,600+ associations insured across Texas
- High-rises, mid-rises, townhomes, and single-family
- Experience with municipalities and public entities

Old-School Accountability + Modern Market Power

- Deep carrier relationships
- Access to national and association specialty markets
- Structured underwriting presentations
- Technology-driven service for managers

