



2026 Texas HOA Insurance Guide

What Boards Can Expect And What They Can Control

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Introduction

Commercial insurance for Texas homeowner associations has changed significantly over the past several years.

Premium volatility, deductible increases, and tighter underwriting standards have created understandable frustration and uncertainty for many boards.

This guide is designed to provide clarity.

It explains how the market shifted, what associations can expect moving forward, and most importantly, where boards have meaningful control.

The goal is not to eliminate volatility. The goal is to reduce chaos through preparation and strategy.

Act 1- How We Got Here

The Stable Years

From roughly 2015 through 2019, the association insurance market was relatively predictable.

Premiums were competitive.

Deductibles were manageable.

Carrier capacity was widely available.

Many communities experienced flat or modest increases from year to year.

That environment has changed.

2020 and 2021

Several forces converged at once.

Severe hail and wind events impacted Texas communities.

Winter Storm Uri caused widespread water damage.

Construction materials and labor costs increased dramatically.

Litigation and defense costs rose.

Insurance carriers experienced significant losses both in Texas and nationally.

2022 through 2024 Hard Market

In response, carriers recalibrated.

They increased rates.

They raised deductibles.

They reduced capacity in high-risk regions.

They tightened underwriting standards.

Reinsurance costs also increased sharply. Reinsurance is the insurance that carriers purchase to protect themselves from catastrophic losses. Those increased costs were passed down to policyholders.

This was not isolated to one company. It was systemic.

Understanding this context matters. It explains why premiums rose so sharply and why deductibles shifted so dramatically.

Act 2- What to Expect Now

2026 and 2027 Outlook

The market is stabilizing, but selectively.

We are seeing moderate rate increases for well managed communities. Underwriting remains disciplined. Carriers continue to scrutinize roofs, water exposure, and maintenance practices.

This is not a return to the pre-2020 environment. It is a more cautious market.

What Stabilization Means

Stabilization does not mean automatic decreases.

It does not mean deductibles will return to historic levels.

It does not mean underwriting will loosen.

It means that strong risks are being rewarded.

Communities with clean loss histories, organized documentation, and consistent maintenance practices are beginning to see improved outcomes.

Preparation is beginning to separate results.

Act 3- The Rules Around You Are Shifting

Governance and Legislative Environment

Texas associations are operating in an environment of increasing scrutiny.

Governance transparency, maintenance discipline, and documentation quality are all receiving greater attention. While not every legislative change directly affects insurance pricing, governance quality influences underwriting perception.

Underwriters evaluate more than financial statements. They assess stability and management quality.

Governance Impacts Insurability

Carriers consider board turnover, maintenance planning, claims management discipline, and organizational structure.

Associations that demonstrate consistent leadership and proactive management are perceived as lower volatility risks.

Perceived volatility influences pricing and carrier appetite.

Act 4- Where Boards Have Leverage

Before discussing leverage, it is important to distinguish between what boards cannot control and what they can control.

What Boards Cannot Control

Storm frequency
National catastrophe trends
Reinsurance cycles
Inflation in construction costs
Statewide loss ratios

These forces influence the market but remain outside board authority.

What Boards Can Control

Insurance strategy
Market approach
Representation
Loss frequency discipline
Replacement cost accuracy
Claims philosophy
Maintenance documentation

These factors meaningfully influence long term outcomes.

Strategic Levers For Boards

Strategy Versus Annual Auction

Insurance should not be treated as a yearly bidding contest.

Frequent changes in carriers or representation can signal instability to the market.

Insurance markets reward predictability. A coordinated long term strategy often produces stronger results than chasing the lowest premium each year.

Oversaturating the Market

It is natural to want as many quotes as possible.

However, insurance markets do not operate like retail stores.

When multiple agents independently approach the same carriers, markets can become blocked. Underwriters may receive conflicting submissions. The account may appear disorganized.

More quotes do not always produce better outcomes.

Clear coordination and trust strengthen negotiating position.

Specialization Matters

Association insurance is nuanced.

It involves shared property exposure, governance liability, water concentration risk, and wind aggregation.

Specialized experience improves submission clarity and risk positioning.

Nuance matters.

Carrier Relationships Create Leverage

Strong carrier relationships increase communication clarity and responsiveness.

They do not guarantee approval, but they improve access and flexibility when challenges arise.

Underwriters Evaluate Numbers and Narrative

Underwriters assess loss ratios, deductible levels, replacement cost accuracy, and claims frequency.

They also evaluate stability, maintenance discipline, organization, and governance quality.

A strong submission communicates that the association is stable and predictable.

Operational Levers For Boards

Loss Frequency

One large hail event is often understood.

Repeated smaller water claims are not.

Underwriters evaluate patterns. Patterns suggest predictability.

Boards influence whether every incident becomes a claim, whether root causes are permanently corrected, and whether preventative inspections are routine.

Frequency quietly shapes renewal outcomes.

Maintenance Documentation

Carriers increasingly request roof age verification, plumbing upgrade history, inspection reports, and maintenance schedules.

Documentation demonstrates discipline. Discipline reduces perceived volatility.

Replacement Cost Accuracy

Construction costs in Texas have increased significantly.

A building that cost 120 dollars per square foot to rebuild several years ago may now cost 175 to 225 dollars per square foot.

If true reconstruction cost is 9 million dollars but the policy limit reflects 6 million dollars, the association is effectively self insuring 3 million dollars.

Professional valuations every three to five years are critical. Correcting valuation gaps proactively is far less painful than discovering them after a major loss.

Claims Philosophy

Insurance is designed for significant events.

Before filing a claim, boards should consider whether the loss exceeds the deductible, whether the issue is recurring, whether the root cause has been permanently corrected, and whether consultation with their advisor has occurred.

Repeated smaller claims may influence pricing for several years.

Disciplined claims management protects long term insurability.

What Separates Strong Outcomes

Communities that perform better in volatile markets typically maintain updated valuations, protect loss frequency, document maintenance consistently, approach the market strategically, fund deductibles intentionally, and begin renewal discussions early.

Preparation compounds over time.

Act 5- Putting It Into Practice

Supporting a Smooth Renewal

A strong advisor should begin marketing early, coordinate appropriate carriers, and build a clean submission.

Boards support this process by keeping documentation current, confirming deductible philosophy early, and avoiding major structural changes late in the renewal cycle.

Insurance rewards preparation.

Board Renewal Checklist

Valuation updated within three to five years
Loss history reviewed and patterns addressed
Maintenance documentation organized
Deductible strategy aligned with reserves
Renewal process started early

Storms cannot be controlled. Preparation can.

Final Perspective

The past several years have been challenging for Texas associations.

Rates increased. Deductibles increased. Underwriting tightened.

The market is stabilizing selectively.

Communities that demonstrate predictability and discipline are beginning to see improved outcomes.

Volatility is part of the environment. Chaos does not have to be.

Who We Are

Scarbrough Medlin and Associates is a forty year family owned insurance firm based in Granite Park in Plano, Texas.

Our founder began specializing in Texas homeowner association insurance in the nineteen nineties, helping pioneer focused coverage solutions for this segment.

Today we insure more than sixteen hundred associations across Texas, including high rise, mid rise, townhome, and single family communities.

We are association specialists.

We are local and hands on.

We are committed to disciplined underwriting presentation.

We focus on long term board relationships.

For boards, this is not just property. It is a community.