

December 19, 2024

Dr. Laura Nichols, Fairway Meadows Manor Homes, treasurer

Macduffso1@gmail.com, 651-334-1456

Gassen Property Management

Current Insurance: Auto Owners

Construction of the Fairway Meadows community began in 2005. Currently, the Fairway Meadows Manor Homes Board of Directors (a subsidiary of the Master Board) oversees the maintenance of the property for 157 townhomes within 44 buildings. Our demographic blend includes 1st time homeowners, retirees, renters, and those who do not want the responsibility of single-family home ownership. Our homes sell in the mid to upper \$300,000s.

One and a half years ago, the Woodbury Area TownHome Association was formed. Because of the information sharing that this group provides, I have heard many stories about insurance pricing resulting in increases, sometimes severe increases, in HOA monthly dues and in some cases, necessary loans. This creates undue hardship for all owners, but especially for lower income and fixed income owners. I understand that you have heard about HOA and CIC struggles with insurance and pricing, but feel it is imperative that we continue the repetition.

Fairway Meadows Manor Homes is fortunate relative to other HOA insurance pricing in Woodbury. Our insurance costs have only increased 95% in 5 years; even as our coverage has decreased (for example our deductible for each building has risen from \$10,000 to \$25000 per building and Auto Owners added a 5% wind/hail damage) during that time.

Primarily because of this 5-year insurance increase and because as a board, we are committed both to the maintenance of our property and to following our reserve study in long-term savings, our HOA monthly dues have increased \$60 in this year alone. They have increased \$145 monthly since 2020 and we have no extra amenities such as a pool, a club house/meeting room or a communal workout room etc.

Currently, we provide All-in insurance for our homeowners, as dictated by our former Bylaws. However, this year we revised our bylaws, and they provide for us to change to a walls-out policy, if deemed necessary by our Board of Directors.

We will take time this spring to learn about walls-out insurance coverage and research the implications of changing the type of insurance from all-in to walls-out for our homeowners.

Our wish list for the working group regarding insurance...

1. Insurance coverage and pricing continues to be a huge financial issue for HOAs and CICs. To maintain fairness and reasonableness, we would like to be considered under the same legal guidelines as single-family homes, as we do also own our individual homes. Under current Commerce Department guidelines, each HOA and CIC is considered a non-profit business, even though all are a collection of homeowners' residences. What insurance guardrails can the Legislature create or enforce for the Commerce Department to better insulate multi-family homes financially from exorbitant insurance increases?
2. Current insurers will not offer a renewal proposal until 30 days before the end of an HOA policy, making outside competitive quotes difficult for HOA Board members to acquire. Prospective insurance companies also require that the HOA give them the coverage and pricing from the current year before offering new terms, making it almost impossible to have pricing competition for HOAs in the marketplace. This seems to be an industry standard. How is this fair and reasonable?

Thank you for your attention to these concerns. Please feel free to contact me with any further questions.