

The Regional Guide to Property Risk

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About the Author



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Terry is an experienced risk management consultant specializing in enterprise risk solutions for the resort & property management industry. A former attorney, he has a passion for creating strong client partnerships.

Overview

In this guidebook, we'll provide in-depth insights into property insurance coverages, endorsements and risk management strategies, specific to each of the nine U.S. Climate Regions, as defined by the National Oceanic and Atmospheric Administration (NOAA), plus Hawaii [\[1\]](#).

You'll learn:

- Why a one-size-fits-all approach puts you at risk
- Key concerns - and actionable solutions - for each region
- National trends and future implications

If you're interested in learning what you can do to address the inherent climate and weather-related risks facing your destination property, read on.



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Why a Regional Approach?

There is no one-size-fits-all approach to property insurance. Unfortunately, there are many risk management professionals who approach property insurance this way.

If any of these scenarios feel familiar, your current partner may be underserving your needs:

- You only hear from them at renewal
- They tell you there's nothing they can do about premium increases
- You haven't met in person in years, or maybe they've never even seen your property in person

The truth is, each region of the United States presents a different set of environmental hazards, requiring specialized coverage to effectively protect properties and assets.

Catastrophic climate and weather events like hurricanes, wildfires and extreme cold caused \$94.9 billion in total losses in 2023, and as of August 9, there have already been 19 weather events in 2024 exceeding at least \$1 billion. [\[2\]](#)

Understanding these region-specific risks – and, more importantly, what you can do to mitigate or lessen these risks – is essential for property owners, especially in high-risk industries like resorts, timeshares and HOAs where large claims can have severe financial impacts.

Addressing Regional Threats

No, we don't have a secret weather machine that can stop a hurricane from forming and impacting your coastal property. But understanding that tailored insurance coverage can help support your property from the specific threats in your region can reduce the financial impact of a disaster and support your recovery.

We've supported some of the nation's best destination properties for over 30 years. As part of our process, we walk every property we insure, providing insights that can both help you make changes to your properties to save money in the long run, and to secure favor from underwriters who see you've taken steps to mitigate risk.

Being able to provide significant insights about your property can provide key wins with underwriters and can even secure you more favorable coverages.

For example, a few years ago, we helped a large property management property by bringing in our own loss control experts, developing our own reports, and bringing new information about the properties to underwriters.

Their previous insurance partner wasn't aware of factors that enhanced the property profile, like hurricane-resistant windows and doors on structures and updated premium roofing that would protect the properties and lessen the risk.

The result was a significant savings on their annual premiums across six different properties – lowering their costs by 33%. [3]

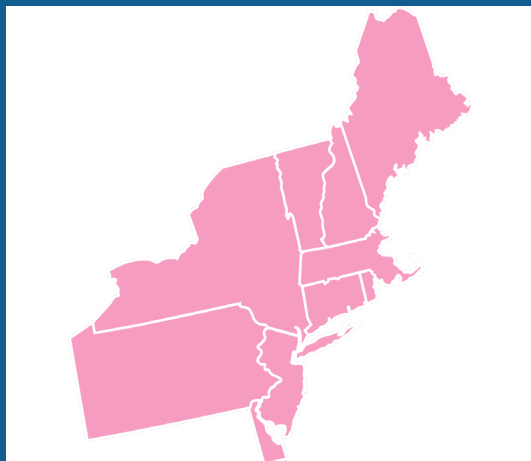
Region 1: Northeast

Key Concerns

Winter Storms – Heavy snow and ice can cause roof collapses, structural damage and prolonged power outages

Flooding – Coastal and river flooding are significant risks, especially in densely populated areas like New York and New Jersey

Hurricanes – Although less frequent than in the Southeast, hurricanes can still severely impact coastal areas, particularly in the Mid-Atlantic states



States

Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont

Claims Examples

Hurricane Sandy (2012) – \$88.5 billion in damages

Extensive damage across northeastern United States, especially New Jersey and New York. The storm brought flooding, prolonged power outages and highlighted vulnerability of infrastructure.

Insurance Consequences

- Changed how insurers assess and price flood & windstorm risks in coastal areas
- Premiums for coastal properties in New York & New Jersey increased by 20-30%
- Higher deductibles for wind and flood coverage
- Some insurers withdrew from the market entirely

Winter Storm Jonas (2016) – \$2.8 billion in damages

Major blizzard that struck Mid-Atlantic, producing record snowfall, strong winds and coastal flooding.

Insurance Consequences

- Increased scrutiny on property winterization efforts
- Insurers now require proof of enhanced insulation and heating systems as condition for coverage

March Nor'easter (2018) – \$2.25 billion in damages

Large scale winter cyclone hit the Northeastern U.S and caused significant property damage from high winds, heavy snow and coastal erosion.

Insurance Consequences

- Higher premiums, tighter underwriting standards
- Higher deductibles for wind and flood coverage
- Insurers introduced specific deductibles for winter storm claims

Solutions

Winterization

Invest in advanced insulation, heating systems and backup generators to ensure buildings can withstand severe winter weather. Properly winterized properties can benefit from lower premiums and fewer claims.

Flood Barriers and Elevated Construction

Install flood barriers and consider elevated construction for coastal and river-adjacent properties to mitigate flood risks. These measures can reduce flood insurance premiums.

Comprehensive Business Continuity Planning

Develop a detailed business continuity plan to handle disruptions caused by winter storms and flooding, which can help minimize operational downtime and financial losses.

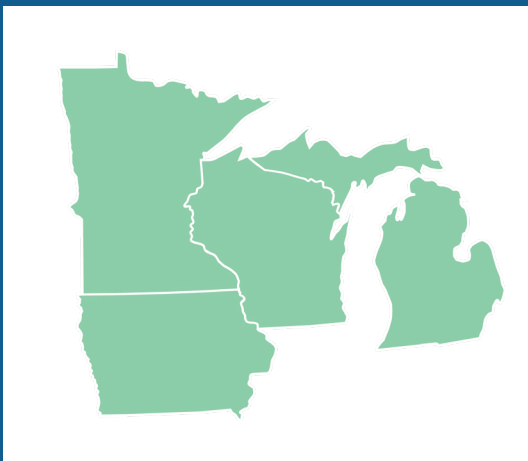
Region 2: Upper Midwest

Key Concerns

Flooding – Snowmelt and heavy spring rains can lead to widespread property damage

Winter Storms – Heavy snowfall and freezing temperature can cause significant structural damage, especially to roofs and plumbing systems

Tornadoes – Common in the region, particularly in Iowa and southern Minnesota, leading to severe wind damage



States

Iowa, Michigan, Minnesota, Wisconsin

Claims Examples

Iowa Floods (2008) – \$14.8 billion in damages

Primarily caused by heavy rainfall and rapid snowmelt that led to rivers overflowing their banks, these were among the most damaging in state history and caused significant agricultural losses.

Insurance Consequences

- Increased flood insurance premiums, with increases of 20-30%
- More rigorous flood zone assessments and underwriting
- Underscored importance of flood insurance and mitigation efforts in the Midwest

Minnesota Tornadoes (2010) – \$1.2 billion in damages

Series of tornadoes struck Minnesota in July, causing significant damage across multiple counties. Part of a larger outbreak that affected the Upper Midwest.

Insurance Consequences

- Increased premiums for windstorm coverage
- Highlighted importance of tornado-resistant construction
- Insurers began offering discounts for properties that could show proof of reinforced, storm-resistant construction

Polar Vortex (2019) – \$1.2 billion in damages

Record low temperatures hit the Midwest as a result of low pressure and cold air systems surrounding the Earth's poles.

Insurance Consequences

- Emphasized importance of proper insulation and winterization
- Insurers raised premiums for properties with inadequate insulation, outdated plumbing systems

Solutions

Floor Barriers and Sump Pumps

Implement flood defenses and install sump pumps to protect properties from flood damage. Properties that meet specific flood mitigation criteria often qualify for reduced premiums under FEMA's National Flood Insurance Program (NFIP).

Reinforced Construction for Tornadoes

Use reinforced concrete and impact-resistant materials to withstand tornadoes. Properties with such upgrades can see potential premium reductions.

Winterization and Energy Efficient Systems

Enhance insulation, upgrade heating systems, and install energy-efficient windows to reduce the risk of damage during extreme cold events, which can lead to lower insurance premiums and fewer claims.

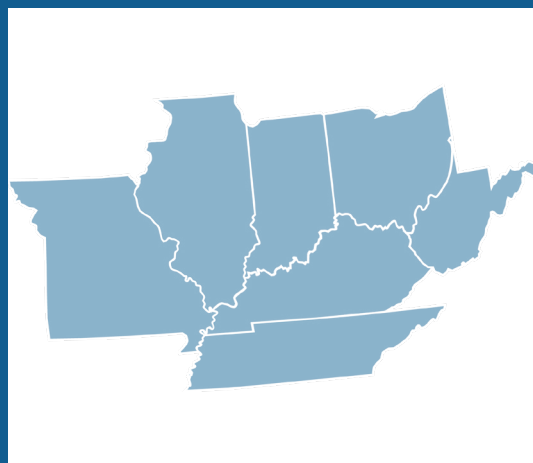
Region 3: Ohio Valley

Key Concerns

Flooding – Significant risk due to proximity to major rivers like the Ohio and Mississippi

Winter Storms – Ice and snow can cause structural damage and hazardous conditions, leading to higher claims

Tornadoes and Severe Storms – Common and potentially damaging, particularly during spring and summer



States

Illinois, Indiana, Kentucky, Missouri, Ohio, Tennessee, West Virginia

Claims Examples

Ohio River Flooding (1997) – \$500 million in damages

Heavy March rains, coupled with melting snow from the winter, caused the Ohio River to flood, impacting multiple states.

Insurance Consequences

- Increased flood insurance premiums by 15-25%
- Highlighted vulnerabilities of properties near major rivers
- Stricter insurance requirements requiring elevated construction in designated flood zones

Kentucky Tornadoes (2012) – \$1 billion in damages

Series of tornadoes swept through Kentucky and neighboring states, causing widespread damage and fatalities.

Insurance Consequences

- Increased premiums for windstorm coverage
- Highlighted need for tornado-resistant construction and comprehensive windstorm insurance
- Insurers began requiring storm-resistant features to obtain coverage in high-risk areas, such as storm shutters and reinforced roofing

Indiana Ice Storm (2009) – \$200 million in damages

Severe January storms caused extensive damage to trees, power lines and buildings.

Insurance Consequences

- Premiums increased 10-15%
- Additional scrutiny on roofing structures and insulation

Solutions

Elevated Construction and Flood Barriers

Build on elevated foundations and install flood barriers to reduce flood risks. These measures can significantly lower flood insurance premiums, particularly in high-risk areas.

Storm-Resistant Construction

Use storm shutters, impact-resistant windows, and reinforced roofing to protect against tornadoes and severe storms. Such upgrades can result in premium discounts of 15-20%.

Winterization

Invest in enhanced insulation and heating systems to prevent damage from ice and snow. Properties that demonstrate superior winterization efforts may qualify for lower premiums and more favorable policy terms.

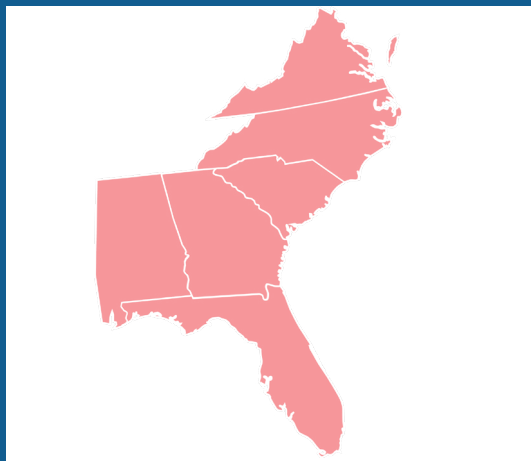
Region 4: Southeast

Key Concerns

Hurricanes – Frequent and often catastrophic in coastal areas, especially in Florida and the Carolinas

Flooding – Coastal and inland flooding are significant risks, particularly after hurricanes

Tornadoes – Common in inland areas, with severe weather events often causing significant damage



States

Alabama, Florida, Georgia, North Carolina, South Carolina, Virginia

Claims Examples

Hurricane Irma (2017) – \$64 billion in damages

Cat 4 hurricane impacting the Caribbean and southeastern U.S. Particularly devastating in Florida, it caused widespread damage, destroying 25% and damaging 65% of all buildings in Keys.

Insurance Consequences

- Average premium increase of 15%, with some areas experiencing rate hikes of 40%
- Underscored importance of flood insurance, even for properties not directly on the coast
- Led to changes in building codes to better withstand hurricanes and severe weather
- Insurers introduced higher deductibles for hurricane-related damages and more stringent building requirements

Hurricane Florence (2018) – \$30 billion in damages

Slow-moving storm that brought heavy rainfall and catastrophic flooding to the Carolinas in September.

Insurance Consequences

- Substantial premium increases, particularly for properties in flood-prone areas
- Underscored need for comprehensive flood insurance
- Highlighted importance of flood risk assessment
- Insurers began requiring detailed flood risk assessments, as well as implementation of flood mitigation measures as a condition for coverage

Alabama Tornadoes (2011) – \$14.3 billion in damages

Devastating tornadoes in April, including an EF-5, caused widespread wind damage and significant fatalities.

Insurance Consequences

- Significant premium increases for properties in tornado-prone areas
- Insurers required proof of wind-resistant construction methods, storm shelters as conditions for coverage

Solutions

Hurricane-Resistant Construction

Use materials like reinforced concrete and hurricane clips to withstand high winds and storm surges. Properties with such construction can see premium reductions of up to 25%.

Comprehensive Flood Insurance

Ensure properties in flood-prone areas are adequately covered, with private flood insurance markets offering more competitive rates and tailored coverage options compared to the NFIP.

Storm-Resistant Roofing and Windows

Installing storm-resistant roofing and impact-resistant windows can reduce damage during hurricanes and tornadoes, leading to lower premiums and fewer claims.

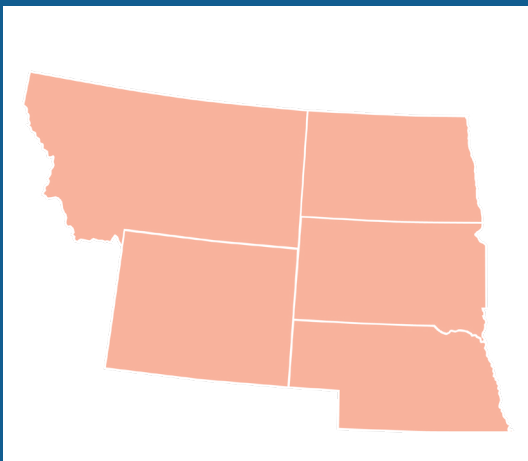
Region 5: Northern Rockies and Plains

Key Concerns

Windstorms and Tornadoes – Common across the plains, with high winds causing significant damage

Hailstorms – Frequent and can cause significant property damage, especially to roofs and windows

Blizzards – Severe winter storms can lead to structural damage, particularly to roofs and windows, as well as prolonged power outages



States

Montana, Nebraska, North Dakota, South Dakota, Wyoming

Claims Examples

South Dakota Hailstorm (2014) – \$2.5 billion in damages

June hailstorm with winds over 90 mph and baseball-sized hail caused significant damage to roofing structures, windows and vehicles across the state.

Insurance Consequences

- Premiums in hail-prone areas increased by 10-15%
- Insurers offered discounts for impact-resistant roofing materials

Wyoming Blizzard (2013) – \$500 billion in damages

October snowstorm caused damage from snow accumulation, low temperatures, high winds and power outages

Insurance Consequences

- Increased premiums for properties in blizzard-prone areas
- Insurers required upgraded roof structures, now removal systems as conditions for coverage

Nebraska Tornadoes (2014) – \$1.5 billion in damages

June tornadoes caused widespread destruction, especially in rural areas, damaging homes, businesses, vehicles and infrastructure.

Insurance Consequences

- Resulted in increased premiums for windstorm coverage, particularly in tornado-prone areas
- Insurers began offering discounts for properties with reinforced storm-resistant construction

Solutions

Impact-Resistant Roofing and Siding

Utilizing materials that can withstand hail damage can reduce the likelihood of claims, leading to premium discounts of up to 25%.

Reinforced Construction for Windstorms

Use reinforced materials to withstand high winds and tornadoes. Properties with such upgrades can see premium reductions of up to 20%.

Winterization

Ensure buildings are properly insulated and equipped with robust snow removal systems to prevent damage from blizzards, which can lead to lower insurance premiums and fewer claims.

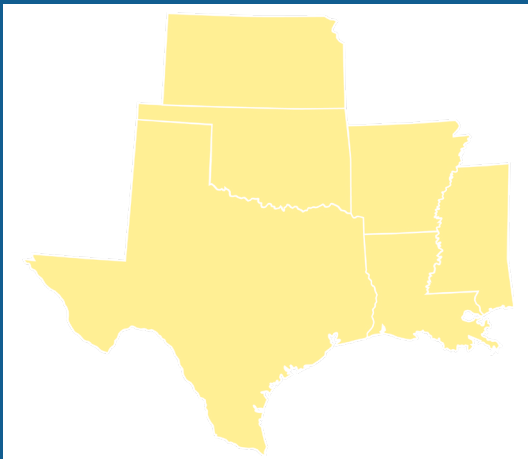
Region 6: South

Key Concerns

Hurricanes – Particularly in coastal areas like Louisiana and Texas, where they often cause significant damage

Tornadoes – Common in Oklahoma and Kansas, leading to frequent and severe property damage

Flooding – A significant concern, especially in coastal and river-adjacent areas, where heavy rainfall and storm surges can lead to catastrophic flooding



States

Arkansas, Kansas, Louisiana, Mississippi, Oklahoma, Texas

Claims Examples

Hurricane Katrina (2005) – \$200 billion in damages

One of the most devastating in history, caused massive financial impact and loss of life.

Insurance Consequences

- Premiums surged by 30-50%, some insurers left market entirely
- Significant impact on building codes across the Gulf Coast
- Flood insurance became more expensive, leading reliance on NFIP

Oklahoma Tornadoes (2013) – \$3.2 billion in damages

Series of tornadoes struck the state in May, including an EF5 tornado that devastated the town of Moore, OK.

Insurance Consequences

- Led to higher premiums in tornado-prone areas
- Increased need for storm shelters and tornado-resistant construction
- Increased requirements for storm shutters, reinforced roofing as conditions for coverage

Louisiana Floods (2016) – \$13.3 billion in damages

Significant rainfall, up to 30 inches in some locations, led to catastrophic flooding, widespread property damage and significant displacement of residents across southern Louisiana.

Insurance Consequences

- Flood insurance premiums increased significantly, particularly in high-risk flood zones
- Stricter flood assessments as a condition of coverage

Solutions

Hurricane-Resistant Construction

Build to withstand hurricane-force winds, using materials like concrete and steel. Properties with such construction can see premium reductions of up to 25%.

Comprehensive Flood Insurance

Ensure properties in flood-prone areas are adequately covered, with private flood insurance markets offering more competitive rates and tailored coverage options compared to the NFIP.

Storm-Resistant Roofing and Windows

Installing storm-resistant roofing and impact-resistant windows can reduce damage during hurricanes and tornadoes, leading to lower premiums and fewer claims..

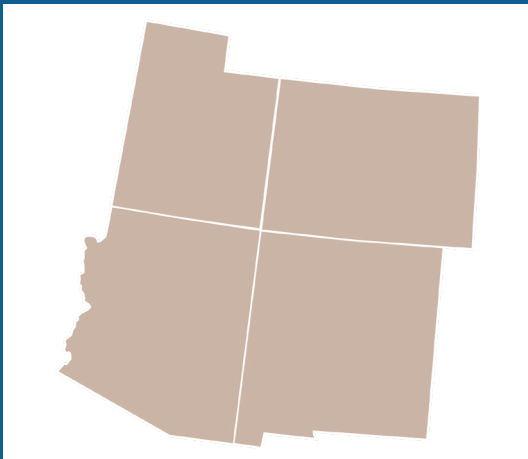
Region 7: Southwest

Key Concerns

Wildfires – Increasingly frequent and severe, particularly in dry, hot areas, leading to significant property damage

Drought – Contributes to wildfire risk and affects water supply, exacerbating property vulnerabilities

Hailstorms – Particularly in areas like Colorado, where severe storms are common, causing significant property damage



States

Arizona, Colorado, New Mexico, Utah

Claims Examples

Arizona Wildfires (2020) – \$200 billion in damages

Over 193,000 acres burned in the Bush Fire, one of the largest in state history. Lead to the destruction of homes and evacuations.

Insurance Consequences

- Premiums in wildfire-prone areas increased by 20-30%
- Insurers required stricter fire mitigation measures, such as defensible space and the use of fire-resistant materials

Defensible space: an area around a property that has been modified to reduce fire hazard, which has been intentionally cleared or treated to minimize the risk of fire damage to the property

Colorado Hailstorm (2017) – \$4.3 billion in damages

Severe hailstorm impacted several states, with the most significant impact on Denver – damaging homes, businesses and vehicles.

Insurance Consequences

- Led to higher premiums in hail-prone areas
- Underscored importance of building materials for risk mitigation
- Increased requirements for impact-resistant roofing and siding as conditions for coverage

New Mexico Drought (2018) – \$3.8 billion in damages

Prolonged lack of rainfall led to increase of fire risk and agricultural impacts.

Insurance Consequences

- Premiums for properties in drought-prone areas increased by 15-20%
- Stricter underwriting in drought-prone areas
- Insurers began requiring water conservation & fire mitigation measures as conditions for coverage

Solutions

Defensible Space for Wildfires

Create defensible space around properties by clearing vegetation and using fire-resistant materials to reduce wildfire risk. These measures can lead to premium reductions of up to 25%.

Water Conservation and Drought Mitigation

Implement strategies to reduce water usage, such as xeriscaping, to mitigate the impacts of drought and reduce fire risks, potentially lowering insurance costs.

Impact-Resistant Roofing and Siding

Use materials that can withstand hail damage to reduce the likelihood of claims, leading to premium discounts of up to 20%.

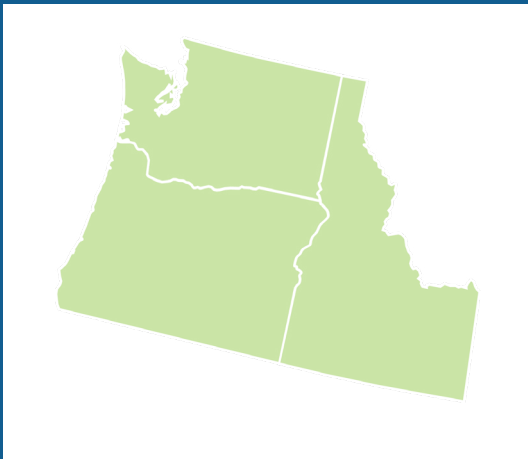
Region 8: Northwest

Key Concerns

Earthquakes – Significant risk, particularly in Washington due to proximity to fault lines

Wildfires – A major concern in forested and rural areas, especially during dry seasons

Flooding – Heavy rainfall can lead to river flooding and landslides, causing significant property damage



States

Idaho, Oregon, Washington

Claims Examples

Washington Earthquakes (2001) – \$2 billion in damages

A powerful, 6.8 magnitude earthquake, the Nisqually earthquake struck the Puget Sound region of the state. This caused significant structural damage and landslides.

Insurance Consequences

- Increased premiums for earthquake coverage
- Some insurers began to require seismic retrofitting as a condition for coverage

Oregon Wildfires (2020) – \$1 billion in damages

Labor Day fires burned over 1 million acres and destroyed thousands of homes and causing mass evacuations.

Insurance Consequences

- Premiums for wildfire-prone areas increased by 15-25%
- Underscored need for fire mitigation measures, defensible space
- Insurers required stricter fire mitigation measures as conditions for coverage

Idaho Flooding (2017) – \$400 million in damages

Heavy rainfall and snowmelt in spring 2017 led to widespread flooding across Idaho.

Insurance Consequences

- Led to increased premiums for properties in flood-prone areas
- Insurers required flood mitigation measures as condition for coverage
- Highlighted the importance of flood insurance, mitigation measures in the Northwest

Solutions

Seismic Retrofitting

Strengthen buildings to withstand earthquakes, particularly in high-risk areas. Properties with seismic retrofitting can see premium reductions of up to 20%.

Defensible Space for Wildfires

Create defensible space around properties by clearing vegetation and using fire-resistant materials to reduce wildfire risk. These measures can lead to premium reductions of up to 25%.

Flood Barriers and Mitigation Measures

Install flood barriers and implement flood mitigation measures to protect properties from flooding and landslides. Properties with such measures can see premium reductions of up to 20%.

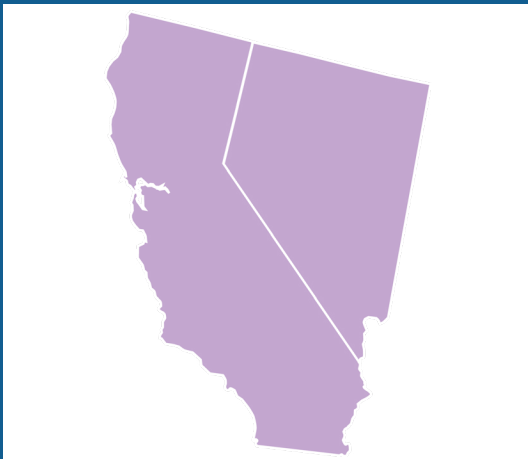
Region 9: West

Key Concerns

Earthquakes – Significant risk, particularly in California due to numerous fault lines

Wildfires – Increasingly severe, especially in California, leading to significant property damage

Drought – Exacerbates wildfire risks and impacts water supply, increasing property vulnerabilities



States

California, Nevada

Claims Examples

California Wildfires (2018) – \$16 billion in damages

Deadly fall wildfires destroyed town of Paradise and burned for 17 days, destroying over 18,000 structures.

Insurance Consequences

- Significant premium increases for properties in wildfire-prone areas
- Insurers required stricter fire mitigation measures as condition for coverage

California Earthquake (1994) – \$44 billion in damages

6.7 magnitude quake struck Los Angeles, causing widespread destruction.

Insurance Consequences

- Significant premium increases for earthquake coverage
- Seismic retrofitting became a condition for coverage for older buildings

Nevada Drought (2022) – \$23.5 billion in damages

Prolonged lack of rainfall impacted many Western states and led to water shortages, increased fire risk and impacts on agriculture and tourism.

Insurance Consequences

- Premiums for properties in drought-prone areas increased 15-20%
- Insurers required water conservation methods as condition for coverage

Solutions

Seismic Retrofitting

Strengthen buildings to withstand earthquakes, particularly in high-risk areas. Properties with seismic retrofitting can see premium reductions of up to 20%.

Defensible Space for Wildfires

Create defensible space around properties by clearing vegetation and using fire-resistant materials to reduce wildfire risk. These measures can lead to premium reductions of up to 25%.

Water Conservation and Drought Mitigation

Implement strategies to reduce water usage, such as xeriscaping, to mitigate the impacts of drought and reduce fire risks, potentially lowering insurance costs.

Xeriscaping – landscaping practice that reduces or eliminates the need for irrigation through practices like plant selection, mulching and minimizing water waste.

Region 10: Hawaii

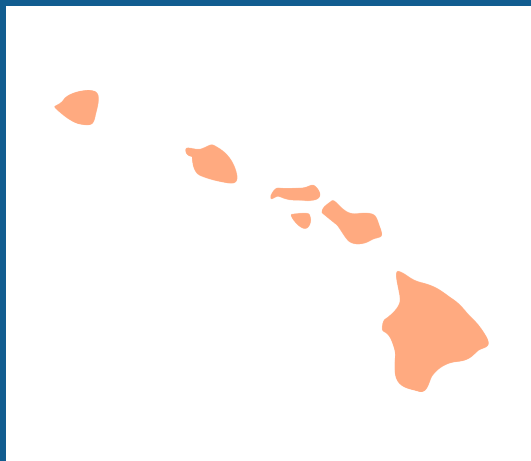
Key Concerns

Hurricanes & Tropical Storms – High winds, storm surges and flooding can cause structural damage and interrupt business operations

Wildfires – Increasingly severe, especially in dry regions of the islands

Volcanic Activity – Active volcanoes pose risk of lava flows, ash fall and gas emissions

Coastal Flooding – Tsunamis and rising sea levels threaten beachfront properties and infrastructure



States

Hawaii

Claims Examples

Maui Wildfires (2023) – \$5.7 billion in damages

Significant volume of claims from hotels, timeshares and small businesses destroyed by fire.

Insurance Consequences

- Wildfire coverage costs increased
- Insurers now require fire mitigation efforts, like defensible space around properties, to reduce future risks

Hurricane Iniki (1992) – \$6.9 billion in damages

Several resorts and commercial properties filed claims for roof collapse, structural damage and business interruption.

Insurance Consequences

- Higher premiums, especially for hurricane and flood coverage
- Stricter underwriting standards, making it harder to secure coverage

Kilauea Eruption (2018) – \$796 million in damages

Destruction from lava flow, ash and prolonged business interruption due to evacuations.

Insurance Consequences

- Premiums for properties near active volcanoes increased significantly
- Many businesses were found to be underinsured for such risks

Solutions

Hurricane and Storm-Resistant Construction

Using reinforced materials, hurricane-rated windows and doors, and elevated foundations can mitigate wind and flood damage, leading to lower premiums and broader coverage.

Fire Mitigation

Clear vegetation around properties, use fire-resistant materials and implement detailed evacuation & suppression plans. Can lead to premium reductions of up to 25%.

Volcanic Retrofitting

Upgrade air filtration systems, use ash-resistant materials and implement detailed evacuation planning. Can help ensure coverage stays available and avoid premium spikes.

Flood & Tsunami Protection

Install flood barriers and elevate structures in areas prone to flooding. Can help reduce premiums and may be required to secure coverage.

National Trends and Implications

Now that we've reviewed the regional catastrophic weather and climate risks, as well as the insurance consequences and solutions to these risks, let's take a look at the current national landscape.

Rising Insurance Premiums

Premiums are on the rise, especially in regions that are increasingly being exposed to natural disasters.

Key Drivers

Increased Frequency and Severity of Natural Disasters

Climate change is contributing to more frequent and intense weather events, resulting in higher claims and greater losses for insurers.

Higher Rebuilding Costs

Inflation in the construction industry, driven by labor shortages and rising material costs, is making it more expensive to rebuild after a disaster.

Reinsurance Costs

Insurers rely on reinsurance to manage their risk, and as reinsurance premiums rise due to global disaster trends, primary insurers pass these costs onto policyholders.

Implications

Plan Ahead

Property owners need to anticipate and budget for higher insurance costs, particularly in high-risk areas. It's essential to factor in these rising premiums when planning long-term property management and financial strategies.

Risk Mitigation

Explore ways to reduce premiums through risk mitigation strategies, such as improving building resilience or implementing comprehensive disaster preparedness plans. Working with insurance professionals who have experience working with destination properties, like Gregory & Appel, is vital. Regularly review and adjust coverages to ensure that property owners are not overpaying or underinsured.

Final Thoughts

Combat rising insurance premiums by investing in resilience and by optimizing your coverage. Enhance your property's defenses against natural disasters and work closely with insurance professionals to tailor your policies, ensuring you receive the best possible rates and comprehensive protection. This proactive approach not only controls costs but also strengthens your property's ability to withstand future risks.

Increased Focus on Risk Mitigation

Risks associated with natural disasters are growing, so insurers are placing a higher emphasis on risk mitigation.

This shift is reflected in stricter property terms, where insurers are increasingly requiring property owners to implement specific risk reduction measures as a condition for coverage – such as flood barriers, seismic retrofitting and fire-resistant materials.

Key Drivers

Loss Prevention

Insurers are incentivizing proactive measures that reduce the likelihood of a claim. By encouraging or requiring risk mitigation, insurers aim to lower their overall exposure to catastrophic losses.

Regulatory Pressure

In some regions, local governments and regulatory bodies are mandating certain risk mitigation practices, which in turn influences insurance requirements.

Market Differentiation

Properties that have adopted advanced risk mitigation measures are more attractive to insurers, potentially resulting in lower premiums and more favorable policy terms.

Implications

Adopt Risk Mitigation Measures

This will help protect your assets while also ensuring access to affordable, comprehensive insurance coverage. Implementing these measures can lead to significant premium reductions, especially in high-risk areas.

Demonstrate Commitment to Risk Management

Properties that are committed to proactive risk management often find it easier to negotiate better coverage terms and limits. This trend also means that those who fail to invest in mitigation efforts may face higher premiums, reduced coverage options, or even difficulty obtaining insurance at all.

Final Thoughts

Strengthen your property's defenses by adopting key risk mitigation measures now. Doing so not only protects your assets but also positions you to secure lower premiums and more favorable insurance terms, ensuring continued coverage and financial resilience in a risk-focused market.

Shifts in Underwriting Policies

Underwriting practices are becoming more stringent, particularly in areas prone to natural disasters. Insurers are increasingly selective about the risks they are willing to underwrite, often requiring detailed assessments of a property's vulnerability to specific hazards.

This trend is leading to a more segmented insurance market, where properties with higher risk profiles may face challenges in obtaining coverage.

Key Drivers

Data-Driven Risk Assessment

Advances in technology and data analytics have enabled insurers to more accurately assess the risk associated with individual properties, leading to more tailored underwriting decisions.

Increased Claims Frequency and Severity

The rising cost of claims is pushing insurers to be more cautious and selective in their underwriting, leading to tighter criteria and more exclusions.

Economic Pressures

Insurers are under pressure to maintain profitability in the face of increasing claims and reinsurance costs, leading them to adopt more conservative underwriting practices.

Implications

Prepare for Increased Scrutiny

Property owners should prepare for more rigorous scrutiny during the underwriting process. It's crucial to ensure that properties meet the latest safety and resilience standards to avoid facing higher premiums, reduced coverage, or denial of coverage altogether.

Provide More Detailed Information

Property managers may need to provide more detailed information and documentation during the underwriting process, such as evidence of risk mitigation efforts or updated property assessments.

Collaborate with Experience Insurance Professionals

Working with experienced insurance professionals – who are experts in the destination and resort properties space, like Gregory & Appel – to understand and meet these evolving requirements can help secure favorable coverage terms.

Final Thoughts

Proactively enhance your property's safety and resilience to meet evolving underwriting standards. By staying ahead of requirements and providing thorough documentation, you can secure more favorable insurance coverage, avoid higher premiums and ensure continued protection in an increasingly selective market.

And – most importantly – work with a partner who really understands these factors who can understand and support your needs.

Growth of Private Insurance Markets

There is a growing reliance on private insurance markets, especially for coverages that have traditionally been dominated by government programs, such as flood and wildfire insurance.

As federal and state programs face sustainability challenges and coverage limitations, private insurers are stepping in to fill the gaps, offering more tailored and competitive options.

Key Drivers

Challenges Facing Government Programs

Programs like the National Flood Insurance Program (NFIP) are struggling with financial sustainability, leading to higher premiums and less comprehensive coverage.

Demand for Tailored Coverage

Property owners are seeking insurance products that better meet their specific needs, prompting the growth of private markets that offer more flexibility and customization.

Innovation in Insurance Products

The private sector is developing new insurance products that leverage technology and data analytics to offer more accurate risk assessments and pricing, making private options more attractive.

Implications

Explore Private Insurance Options

Using the private market as an alternative, or as a supplement, to government programs can provide more flexibility, higher coverage limits and the ability to tailor policies to specific risks. However, these options may also come with higher premiums, particularly in high-risk areas.

Evaluate All Coverages

It's important to carefully evaluate the coverage provided by private insurers and compare it with government programs to ensure that all potential risks are adequately covered. Engaging with an insurance professional who understands the nuances of both private and public insurance options can help property owners make informed decisions.

Final Thoughts

Diversify your insurance strategy by exploring private market options that offer tailored coverage and greater flexibility. By comparing these with government programs, you can ensure comprehensive protection while leveraging the best available terms to cover specific risks, enhancing your overall resilience and financial security.

Emphasis on Climate Resilience

The growing impact of climate change is driving a national emphasis on resilience in property construction, maintenance and insurance coverage.

Insurers are increasingly favoring properties that are built or retrofitted to withstand extreme weather events, such as hurricanes, wildfires, floods and extreme cold. This trend is reshaping the insurance landscape, with climate resilience becoming a key factor in underwriting decisions and premium pricing.

Key Drivers

Climate Change

The increasing frequency and severity of climate-related events are pushing insurers to prioritize properties that are better equipped to handle these challenges.

Regulatory and Industry Standards

New building codes and industry standards are being implemented to improve the resilience of properties, particularly in areas most vulnerable to climate-related risks.

Market Pressure

Investors and consumers are increasingly valuing climate resilience, pushing property owners to adopt sustainable and resilient practices to protect their investments.

Implications

Prioritize Climate-Resilient Building Practices

This may involve investing in stronger building materials, adopting energy-efficient systems or implementing advanced disaster preparedness measures. Insurers are likely to reward properties that demonstrate a commitment to resilience with lower premiums and more favorable coverage terms.

Adapt

Properties that fail to adapt to climate risks may face higher costs, reduced coverage options, or even non-renewal of policies. Staying informed about the latest developments in climate resilience and collaborating with insurance professionals can help property owners navigate this complex and evolving landscape.

Final Thoughts

Prioritize climate resilience in your property investments to secure better insurance terms and safeguard your assets. By adopting robust building practices and retrofits, you can reduce risks, lower premiums and ensure continued coverage in a climate-challenged world.

The national trends in property insurance underscore the importance of proactive risk management and adaptation to a changing environment.

By understanding these trends and their implications, property owners, managers, and insurance professionals can better navigate the challenges posed by natural disasters, shifting market conditions and evolving regulatory landscapes.

Regularly reviewing and updating insurance coverage, investing in risk mitigation, and staying informed about industry developments are essential steps for ensuring long-term financial stability and protection against emerging risks.

It is essential to work with a risk management advisor you trust, who has extensive experience supporting timeshares, resorts and community developments. Gregory & Appel has covered some of the top destination properties for over 30 years and our approach focuses on the needs of HOAs, management companies and property owners.





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