



Townhall Meeting

Flower Street Lofts

NEXTIER Insurance

Services, Inc.

Date: 8/10/24

US Insurance Markets

Insurance Carriers Have Lost Over \$40+ Billion In The Last Couple Of Years

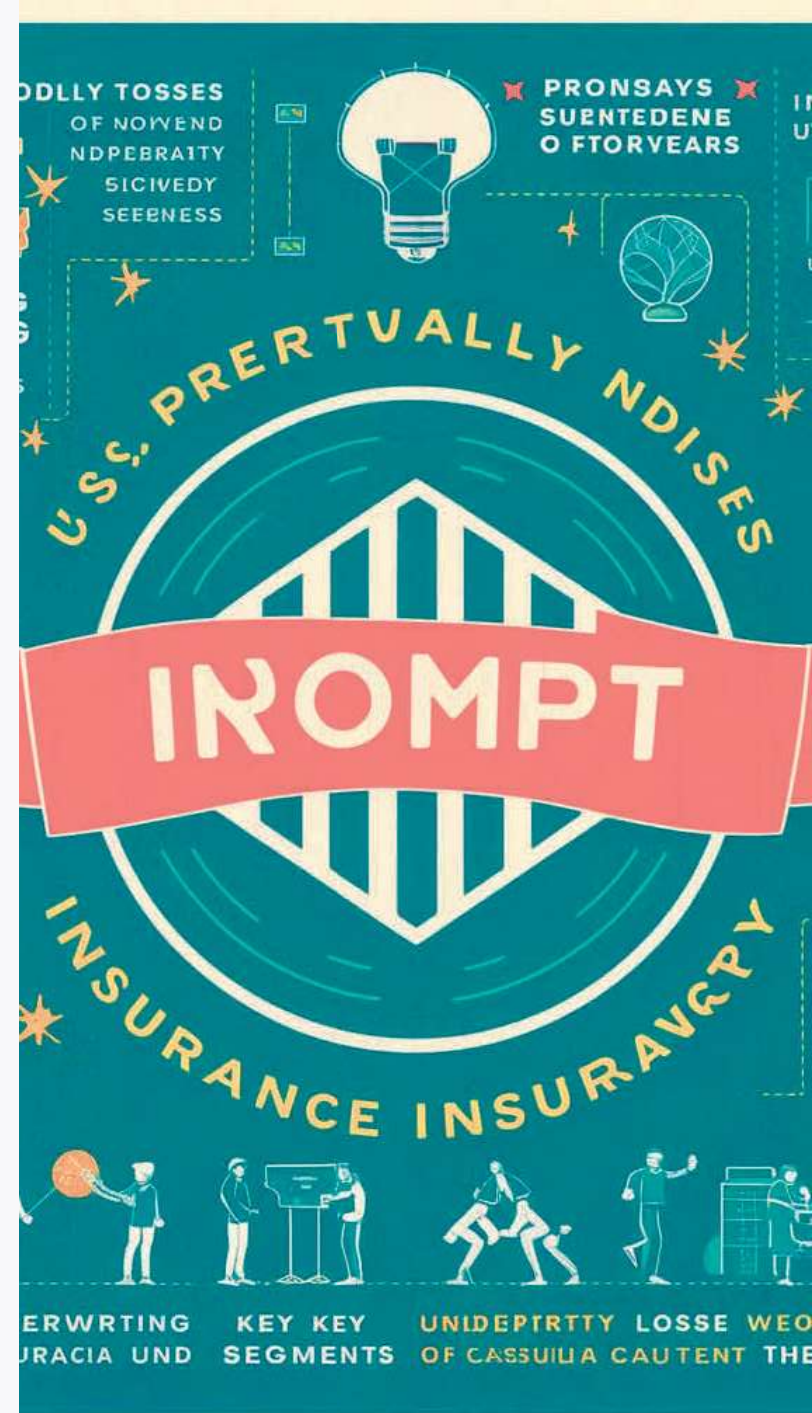
- The U.S. property/casualty (P/C) insurance industry experienced underwriting losses exceeding **\$20 billion** for two consecutive years.
- 2023 underwriting loss: **\$21.6 billion**, an improvement from **\$25.8 billion** in 2022.

Personal Auto & Home Insurance:

- Underwriting losses in 2023: **\$32.8 billion** (improvement from **\$40 billion** in 2022).
- Contributing factors: Increased weather-related events, higher repair costs, rising medical costs, and fatality rates.

Commercial Lines (including HOA's):

- Underwriting income: **\$10.3 billion** (nearly 30% decrease from 2022).
- Positive results in workers' compensation, surety, and professional liability.
- Commercial auto and property lines faced consistent losses over the past five years.





Factors Contributing to Rising Insurance Rates for HOA's in California

1

Claims History

The number and severity of claims filed in California have increased sharply over the past few years, leading insurers to raise premiums to offset these losses.

3

Limited Reinsurance Capacity

Insurance companies are facing challenges securing reinsurance, which helps them cover large losses, resulting in higher premiums for policyholders.

2

Higher Rebuilding Costs

The cost of construction materials and labor has increased significantly, driving up the cost of rebuilding to an all-time high.

4

Reduction In Appetite

As a result of all these issues, many insurance carriers like Farmers are non-renewing policies and increasing rate .

Challenges Faced by HOA's

Limited Market Competition

The number of insurance companies willing to provide coverage for HOA properties is limited, reducing competition and driving up prices.

Stricter Underwriting Guidelines

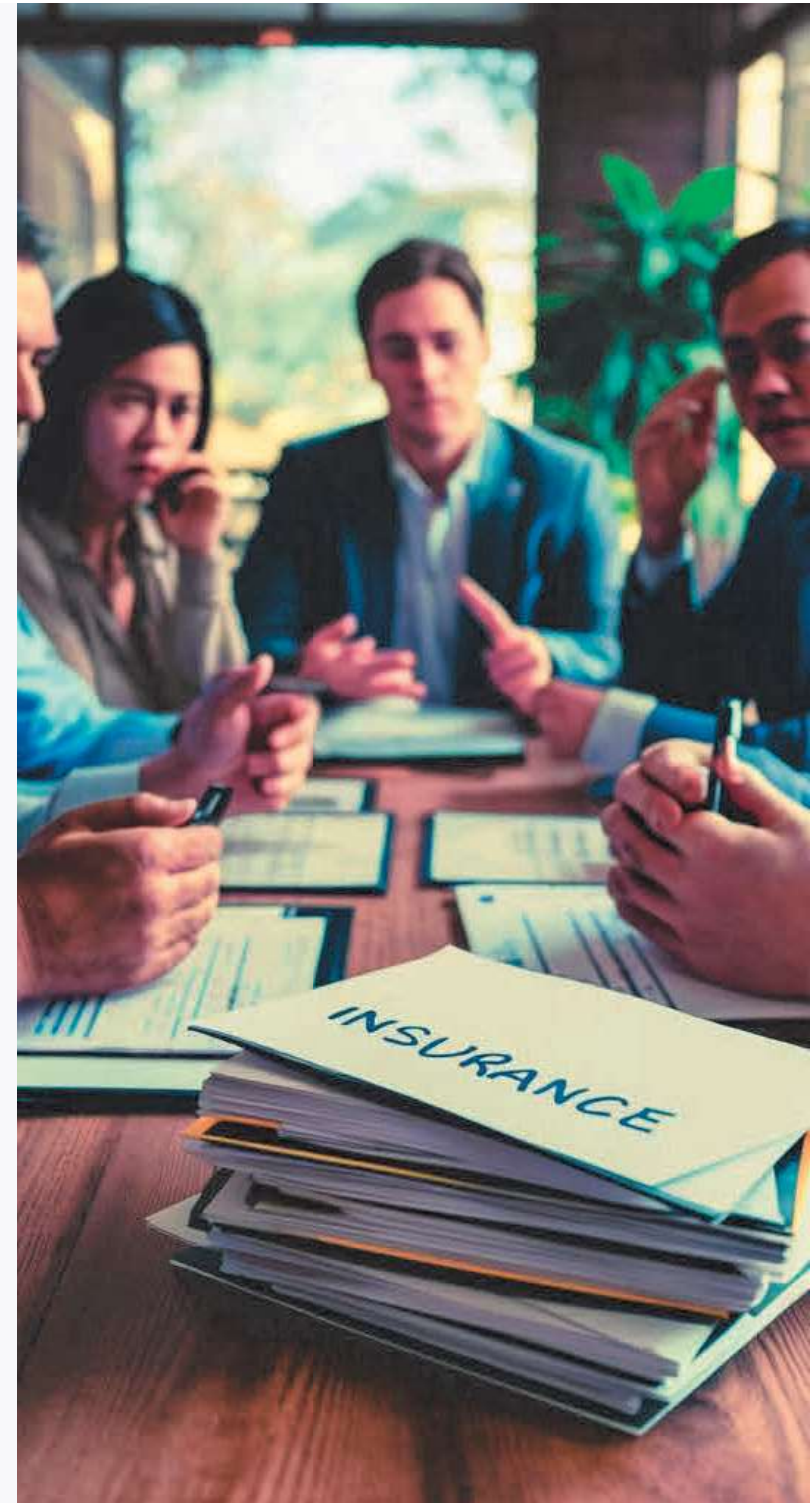
Insurance companies are applying more stringent underwriting guidelines, often requiring specific building repairs that can be costly for HOAs.

Higher Deductibles

Insurers are increasing deductibles to address the rising number of claims being filed against HOA master policies.

Coverage Restrictions

Some insurance policies have coverage limitations for specific types of damage or events, potentially leaving so HOA's with inadequate protection.



Farmers Non-Renewal Notice - 05/20/24



Notice of Non-Renewal

This notice is issued by: **TRUCK INSURANCE EXCHANGE**

Date: **05/20/24**

Property Location: _____
(If other than shown below)

Policy Number(s)	Agent Number	Expiration Date	Refund Or Amount Due(If Any)
60512-39-99	97-55-397	08/01/24	\$0.00 <input type="checkbox"/> Refund <input type="checkbox"/> Amount Due

Named Insured And Mailing Address:

FLOWER STREET LOFTS

1107 FAIR OAKS AVE # 107

POLICY NUMBER: 60512-39-99

REASON FOR CANCELLATION OR NON-RENEWAL

PAGE 2

MINIMUM BUILDING AND PREMISES CONDITIONS HAVE NOT BEEN MET. THESE INCLUDE CONDITION OF THE EXTERIOR OF THE PREMISES, HOUSEKEEPING, AND GENERAL MAINTENANCE OF THE SURROUNDING AREAS. PER GOOGLE EARTH IMAGES THERE IS GRAFFITI ON THE SIDES OF THE BUILDING. ALSO, THE INSURED HAS FAILED TO COMPLY WITH LOSS CONTROL SAFETY RECOMMENDATIONS. FOLLOWING AN INSPECTION OF THE INSURED PREMISES AND OPERATIONS DURING THE MOST RECENT POLICY TERM, SPECIFIC SAFETY CONCERNS INCREASING EXPOSURE TO LOSS WERE IDENTIFIED REQUIRING ATTENTION AND CORRECTION BY THE INSURED. THE COMPANY HAS DETERMINED THE INSURED HAS FAILED TO COMPLY WITH THESE SAFETY RECOMMENDATIONS. LASTLY, TOTAL LOSSES FROM 8/1/2012 TO 8/1/2024 WERE \$296,799. TOTAL PREMIUMS PAID FROM 8/1/2012 TO 8/1/2024 WERE \$334,297. THE LOSS RATIO FOR THIS POLICY IS 89%, WHICH EXCEEDS THE COMPANY'S UNDERWRITING STANDARDS. THEREFORE, THIS POLICY IS NO LONGER ELIGIBLE FOR COVERAGE.

Flower Street Lofts Marketing List

Named Insured: **Flower Street Lofts**
 Total Insurable Value: **\$44,888,289**
 Insurance Effective Date: **8/1/2024**

Broker/Agency: **Nextier Insurance Services**
 Contact: **Tina Neubauer**
 Email/Phone: tinaneubauer@nxtins.com

<i>Market</i>	<i>Carrier Response</i>
Accelerant National - Admitted	Decline
Accelerant Specialty	Decline
Amalgamated	Provided terms, enclosed in quote.
AmTrust	Decline
Arch	Decline
AXIS	Decline
Beazley	Decline
Chubb	Decline
CIBA	Pending
CNA	Decline
Coaction Specialty	Decline
CrossCover	Decline
DB Insurance	Decline - not in appetite
Descartes	Decline
Ethos	Decline
Evanston	Decline
Farmers Insurance - Admitted	Non-Renewed HOA
Gen Star	Decline
Golden Bear	Decline
Great American	Decline
Hartford	Decline
Intact	Decline

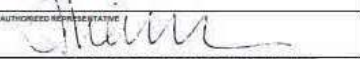
<i>Market</i>	<i>Carrier Response</i>
Ironshore	Decline
Lexington	Decline
Liberty Mutual	Decline
LYNX	Decline
MunichAmerican	Decline
Nationwide	Decline
Philadelphia Ins - Admitted	Decline - due to loss control repairs in progress
Rivington	Decline
RLI / Mt. Hawley	Decline
RSUI	Decline
Seneca	Decline
Sompo Japan US Group	Decline
Vicko	Decline
WKF&C	Terms enclosed in quote
Also went to our wholesale partner CRC - they shopped ~20 carriers. Provided terms via a layered quote, enclosed.	

Flower Street Lofts - Summary of Coverages

Association: Flower Street Lofts
Management Company: Partners Community Management
Type/# Units: Condo/91 Units
Broker: NEXTIER Insurance Services, Inc.

	8/01/24 - 8/01/25	8/1/2023 - 8/01/24
Coverage/Deductibles	Current	Expiring
<i>Property Carrier</i>	Various	Farmers
<i>Total Limit</i>	\$44,888,289	\$48,626,300
<i>Property Deductible</i>	\$25K AOP w/\$5K Per Unit Water \$25K Min.	\$10K
<i>Liability Carrier</i>	James River	Farmers
<i>Insuring Agreement</i>	Single Entity	Single Entity
Premium		
<i>Property Coverage Premium</i>	\$138,677.00	Included
<i>Liability Coverage Premium</i>	\$42,067.40	Included
<i>Fidelity Bond Premium</i>	\$457.00	Included
<i>D&O Premium</i>	\$3,456.00	Included
<i>Umbrella Premium</i>	\$2,905.00	Included
<i>Work Comp Premium</i>	\$378.00	Included
Total Premium	\$187,940.40	\$42,489.00

Flower Street Lofts - Insurance Certificate

ACORD		CERTIFICATE OF LIABILITY INSURANCE		DATE (MMDDYYYY)		
<p>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.</p> <p>IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).</p>		<p>08/09/2024</p>				
<p>PRODUCER</p> <p>Nextier Insurance Services, Inc. 120 Vantis Drive, Suite 300 Aliso Viejo, CA 92656</p>		<p>CONTACT NAME</p> <p>PHONE: (888) 556-2596 FAX: (888) 556-2596</p> <p>EMAIL: Support@nxtins.com</p>				
<p>INSURED</p> <p>Flower Street Lofts C/O Partners Community Management 1107 Fair Oaks Avenue, #107, South Pasadena, CA 91030</p>		<p>INSURER(S) AFFORDING COVERAGE</p> <p>INSURER A: Scottsdale Insurance Company</p> <p>INSURER B: James River Insurance Company</p> <p>INSURER C: PMA Insurance Company</p> <p>INSURER D: Greenwich Insurance Company</p> <p>INSURER E: Philadelphia Indemnity Insurance Company</p> <p>INSURER F: Underwriters at Lloyd's London</p>				
<p>COVERAGES</p>		<p>CERTIFICATE NUMBER:</p>		<p>REVISION NUMBER:</p>		
<p>THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.</p>						
CLASS	TYPE OF INSURANCE	ISSUE DATE	POLICY NUMBER	1. POLICY EFF. DATE (MMDDYYYY)	2. POLICY EXPI. DATE (MMDDYYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCURS <input type="checkbox"/> GL Deductible \$2,500 GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> SCHED <input type="checkbox"/> LOC <input type="checkbox"/> OTHER		P0000001688	08/01/2024	08/01/2025	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (E&S) \$50,000 MEDICAL EXP (E&S) Excluded PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMBOP-ADD \$2,000,000
B	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED <input type="checkbox"/> SCHEDULED <input type="checkbox"/> AUTO ONLY <input type="checkbox"/> AUTO <input type="checkbox"/> NON-OWNED <input type="checkbox"/> AUTO ONLY <input type="checkbox"/> AUTO ONLY		P0000001688	08/01/2024	08/01/2025	COMBINED SINGLE LIMIT \$1,000,000 BODILY INJURY (Per Person) \$ BODILY INJURY (Per Accident) \$ PROPERTY DAMAGE (Per Accident) \$
D	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> SECUR <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> LOC <input checked="" type="checkbox"/> AUTOMATIC \$0		PPP7503932	08/01/2024	08/01/2025	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000
C	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS LIABILITY <input type="checkbox"/> ANY PRODUCTION PARTS/EXECUTIVE <input type="checkbox"/> (OFFICERS/EXECUTIVES EXCLUDED) Mandatory in NJ If any. Specify in the DESCRIPTIONS OF OPERATIONS below		2024011551712Y	08/01/2024	08/01/2025	<input checked="" type="checkbox"/> PERM <input type="checkbox"/> OPS <input type="checkbox"/> LEASE <input type="checkbox"/> OHS E.I. BACKLACEDENT \$1,000,000 E.I. DISEASE - EA EMPLOYEE \$1,000,000 E.I. DISEASE - POLICY LIMIT \$1,000,000
A	Building Limit (Primary)		WKFC0800600	08/01/2024	08/01/2025	\$25K AOP/\$5K Water*
A	Building Limit (Excess)		WKFCXS0019900	08/01/2024	08/01/2025	\$19,888,289
C	Fidelity Bond		4124011551712Y	08/01/2024	08/01/2025	DED \$5,000 \$625,000
<p>DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101. Additional Remarks Schedule, may be attached if more space is required)</p> <p>E. Directors & Officers Policy #PCAP0044955-0124 Effective 08/01/2024-08/01/2025 \$3,000,000 Limit with a \$10,000 Retention. F. Terrorism Policy #B0621MFLOW000524 effective 08/01/2024-08/01/2025 Limit \$44,888,289 *Policy Deductible is \$25,000 All Other Perils with a \$25,000 Sewer Backup Deductible and a \$5,000 Per Unit Water Damage Deductible, subject to \$25K minimum per occurrence. Certificate holder listed as additional insured. Located at 1130 S. Flower Street, Los Angeles, CA 90015, 91-Units. Management Company listed as named insured with respects to the GL and AI with respects to the fidelity and D&O coverage. Policy includes Replacement cost. Based on a total TIV of \$44,888,289.</p>						
<p>CERTIFICATE HOLDER</p> <p>Partners Community Management 1107 Fair Oaks Avenue, #107 South Pasadena, CA 91030</p>		<p>CANCELLATION</p> <p>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.</p> <p>AUTHORIZED REPRESENTATIVE</p> 				
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Moving Forward & Recommendations for Unit Owners

1

Minimize Claims Made (Master Policy)

Filing unnecessary claims can lead to higher future insurance rates. Reserve claims for significant incidents to try and maintain affordable premiums.

2

Update HO6 (Unit Owners) Policy

The coverage limits and deductibles of the master HOA policy have changed, and it is strongly advised that individual unit owners consult with their HO6 insurance carriers to ensure that their coverage aligns with the master policy for adequate protection.

3

Ongoing Market Monitoring

Despite the current insurance market's lack of alternative options, NEXTIER maintains a vigilant watch over these marketplace, ensuring Flower Street Lofts remains apprised of the latest carrier programs.

Questions & Answers

Thank you all for your participation in today's Townhall meeting. We've covered a lot of ground on Flower Street Lofts insurance situation and the steps being taken to secure the best coverage possible.

Please feel free to raise any remaining questions you may have, and we'll do our best to provide clear and helpful responses. Our goal is to ensure you have a comprehensive understanding of the challenges and solutions ahead.

