

# Managing Through the Turmoil of the Property & Casualty Insurance Markets Webinar (1-25-24)

Presented by CHAM & Strength Matters

Q&A from live session — responses provided by presenters Abby Krueger, Brendan Dolan and Nathan Kerr

Question	Answer
Does HPIEx (Housing Partnership Insurance Exchange) cover assault & battery claims?	Yes
What about the California market?	California overall is experiencing carriers carving out properties in ZIP codes and frame housing is difficult to insure. HPIEx insures properties in California and doesn't carve out properties.
What are the proper ways to store and charge e-bikes? I know a big issue is after-market chargers. If properties have the space, would it make sense to install chargers in one place?	That is something organizations are considering. Tenants are protective of their e-bikes. The bikes should not be left unattended while charging, and use the manufacturer's charger.
Is there a difference in fire risk between a gas vs. electric stove? If so, is this reflected in insurance pricing?	There is SmartBurner technology for electric stoves, which insurance companies recommend. It can't hurt with pricing but I don't know of carriers providing an upfront credit for a smart stove.
We are needing to utilize deductible buy-down products more and more to maintain levels required in LPA.	We are seeing that too, although the pricing for buy-downs now is ridiculous. If the market settles down, there is a chance the higher push by the markets on AOP deductibles can come back down.
Are hedge funds involved with insurance/reinsurance?	My question had to do with if insurers are dropping out — maybe you look at other alternatives.
How has climate change impacted the cyclical market of insurance claims?	Sorry for the confusion — the cycles I was referring to were in regard to the insurance marketplace. Climate change has more impacted the larger (and to some extent, less-easy-to-predict) claims we have seen over past number of years (think Katrina, Sandy, convective storms this past year, etc.).
What is the reinsurance market?	In general, the reinsurance market is where insurance carriers purchase insurance on their portfolio. In the context of this discussion, he is referencing the insurers in London who participate at the higher levels of insurance coverage (whether that is property or casualty).
What carriers are offering amenable deductible provisions for commercial property?	This is an endorsement that many carriers will utilize (especially in the E&S market).

Question	Answer
<b>Are affordable housing properties systematically valued incorrectly?</b>	I would not necessarily say that. There is a huge push by the insurance industry to get to what is called ITV (insurance to value). This has been a huge reason for the large property premium increases as there are rate increases <i>plus</i> valuation increases. This push by the insurance industry has been across the board and not just on us in the affordable housing industry.
<b>In requesting estimates for builder's risk coverage, I was told that no insurance company wants to give an estimate that's more than 30 days out is that still true?</b>	The E&S markets have been saying that as they don't want to release terms early because the market (i.e., pricing) was moving so much. The standard markets have been better about getting builder's risk quotes out further in advance from the closing dates.
<b>Has anyone seen a municipality create risk transfer arrangements for its affordable housing portfolio?</b>	Many states have pools (similar to HPIEX) and the housing authorities are typically able to be insured through those programs. The challenge has been when the HA redevelops their portfolio (RAD or other) and a new entity has to be formed. Generally, those state pools will not allow that new entity to be on their program.
<b>We've heard from multiple partners that climate risk reduction investments mean more value put in place and higher replacement costs, which translated to higher premiums even though risk itself has been lowered. How do we make sure that we get "credit" for risk reduction?</b>	Great question and not an easy, "black/white" answer. Much of how investments like this will translate into savings in your insurance program is around what Abby is talking about now – how to tell/sell your story. If you have done this, you are a better risk than your peers and should be viewed accordingly.
<b>Why is aluminum wiring considered riskier than copper?</b>	Non-engineering answer: It breaks and loses connection quicker than copper, thus it's a bigger fire risk. It is also associated with older buildings (aluminum not being used anymore), so it makes it even more of an issue for carriers.
<b>Are sprinkler caps good during freezing temps?</b>	I believe Abby was referencing protective caps inside the units so the sprinkler heads don't accidentally get hit and knocked off. They are kind of like a cage around the sprinkler head.
<b>Why wouldn't insurance companies try to provide lower policy cost for LIHTC deals/HAP deals? Can't they work with the government to accomplish this?</b>	I agree and I argue our industry is a <i>much</i> better risk than other facets of the real estate sector. I'm not sure how the government can help them lower the cost (without providing dollars to the industry) though.
<b>I'm about to make request for bids. What would you estimate to be a reasonable timeline? My present issue is the lender wants to know before closing but the insurance company wants total cost/loan, which would include what we spend on insurance coverage. I'm feeling like it's a catch-22. It might be a silly question, but what are E&amp;S markets?</b>	Are you referencing builder's risk or permanent insurance? Sorry about E&S; that stands for Excess and Surplus Markets – think Lloyd's of London.