



Latest Update: June 2021

Since releasing our initial real-time update on March 12, 2021, which can be found below, the Florida condo property insurance market has continued to meaningfully harden as a result of:

1. Certain carriers exiting the space entirely
2. Certain carriers implementing more restrictive underwriting guidelines
3. Most carriers increasing their pricing requirements in the space
4. Certain carriers applying more restrictive line size requirements
5. Carriers continuing to write in the space increasing aggregations as a result of the marketplace shift

Our purpose in sharing this update is to assist you in preparing your clients for upcoming renewals. Rest assured Amwins is working diligently on your and your insured's behalf to navigate these challenging market conditions and achieve the most competitive combination of pricing, terms and conditions based on each account's unique risk characteristics.

Key Market-Specific Developments Since March

- **FIU (QBE)** and **Sigma** have picked up many of Everest's "2001 and newer" construction accounts. This action, however, has depleted the amount of aggregate that FIU (QBE) and Sigma have available to deploy to upcoming new business accounts.

Sigma has ceased writing new business in the Tri-County as Zurich has not yet deployed additional aggregate to Sigma. We are seeing Sigma require 20-30% rate increases on much of their renewal business in an effort to control their aggregates.

- **Weston** continues to non-renew hundreds of condominium policies.
- It is our understanding that NSM's (**CHAMP Coastal Condo Insurance**) current focus is on condominiums with TIVs less than \$25M that fit their updated and restricted portfolio guidelines (utilizing their historical RenRe capacity and also new capacity from Old Republic), where in the past they had also focused on TIVs in excess of \$25M (utilizing Lexington capacity). It is also our understanding that they are shedding approximately 50% of their renewal book without offering a renewal quote.
- **ICAT**'s current maximum line size appears to be \$20M within four walls, even for garden-style construction accounts.
- **ACA (AmCap)** officially entered receivership on May 14, 2021, with more than 2,000 of their policies moving to replacement carriers on or prior to May 14.
- It's important to note that **Citizens** (the state-run market in Florida) is still pricing Florida condominium business adequately enough that relatively few accounts are transitioning to them despite the marketplace challenges noted above.

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CONTACT

To learn more about how Amwins can help you place coverage for your clients, reach out to your local Amwins broker.

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Underwriting Guidelines

Regarding underwriting guideline changes, we have found the following classes of Florida condominium accounts to be challenging for a variety of reasons:

- **Fire resistive high-rise construction** – There are fewer primary layer markets available, the buffer layer(s) have become more challenging to fill cost-effectively and there are only a few carriers willing to commit large lines to top excess layers.
- **JM garden-style construction** – There are very few markets in this space currently.
- **Fire-resistive midrise construction** – If the incumbent carrier is exiting the program, a common result is a 100%+ renewal rate increase.
- **Exterior insulation and finish system (EIFS) construction** – There are very few markets in this space currently.

Rates / Pricing

While individual Florida condo renewal results will vary based on a multitude of factors, rate increases in the **15-30%+** range are now commonplace in situations where the expiring program structure remains consistent. Older construction condo accounts in Florida, those that are being non-renewed by the incumbent carrier, and those placed ground-up last year with no available ground-up solution this year are three distinct examples of accounts which may see rate increases well in excess of **30%**, with **50-200%+** rate increases in play at times.

Florida Condo Insurance Solutions

Despite the marketplace challenges which exist, Amwins and our full arsenal of Property carriers are equipped to manage the hardened Florida condominium space for you and your insureds.

For example, Amwins Special Risk Underwriters (SRU) offers **Florida condominium capacity** exclusively through Amwins brokers. The SRU underwriting team specializes in CAT-exposed property and provides products backed by top-rated London and domestic carriers.

Initial Amwins Update from March 12, 2021

The Florida condominium marketplace has tightened substantially over the past four to eight weeks and may tighten further in the near future as a result of several developments happening simultaneously. These developments include but are not limited to the following.

- **Everest:** Everest is in the process of completely exiting the admitted and non-admitted condo marketplace in Florida. This process began a couple years ago with their exit from joisted masonry construction condo business in Florida. Then approximately two months ago, they began their exit from the fire-resistive condo space in Florida. Everest's book of fire resistive condos in Florida was substantial and leaves a significant void to fill. They frequently provided ground-up coverage for fire-resistive condos with TIVs below \$100M, and \$100M loss limits specific to condos that had TIVs in excess of \$100M.
- **Weston:** Weston is in the midst of non-renewing hundreds of condominium policies.
- **NSM (Champ Coastal Condo Insurance):** It is our understanding CHAMP's current focus is on condominiums with TIVs less than \$25M (utilizing their RenRe capacity), where in the past they had also focused on TIVs in excess of \$25M (utilizing Lexington capacity). This change is likely to impact hundreds of condominium accounts. Also, rate increases of at least 25% are being quoted by NSM for their condominium renewals with TIVs less than \$25M. NSM is increasing their Tri-county named storm deductible for condominium accounts with 2% expiring to 3% or 5% named storm for the renewal.

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- **ICAT:** ICAT is in the midst of reducing their line size for larger TIV, Tri-county and Panhandle accounts to manage PML across their portfolio. More specifically, they are now offering \$5M to \$10M primary layers in many cases, as compared to ground-up or more substantial primary layer limits last year – sometimes at rate increases in conjunction with the limit reduction. These situations then require layering on top of the limits provided by ICAT, adding incremental – and sometimes substantial – cost to such programs. Their focus continues to primarily be on 2006 and newer construction, with each account being underwritten based on its own merits.
- **ACA (AmCap):** According to [Insurance Journal](#), “As of March 4, 2021, American Capital Assurance Corp. is no longer followed or rated by Demotech.” The article also noted, “On March 8, 2021, AM Best said it had downgraded the company’s financial strength rating to ‘C’ (weak) from ‘A-’ (excellent) and the long-term issuer credit rating to ‘CCC+’ from ‘A-’. In addition, AM Best placed the company’s credit ratings under review with negative implications.”
- **Tower Hill Prime Insurance Company:** AM Best downgraded the company from “A-” to “B++” on December 11, 2020.

In response to these notable changes and sudden shift in demand for replacement or supplemental Florida condominium capacity, many of the carriers that remain active and viable in the Florida condominium space have upwardly adjusted their pricing, deductible requirements and/or underwriting guidelines, while sometimes simultaneously limiting the line size they are comfortable dedicating to any single placement. This same phenomenon was initially discussed in [Amwins’ Q1 2021 State of the Market report](#) released on March 3.

See above for updated pricing trends as of June 2021. While each upcoming Florida condo renewal result will stand on its own based on the individual characteristics of the account, the details of the expiring placement and the extent of the marketing effort performed by the retailer and wholesaler, rate increases in the 15%-25%+ range are now commonplace in situations where the expiring program structure remains consistent. Older condo construction accounts, those that are being non-renewed and those placed ground-up last year with no available ground-up solution this year are three examples of accounts which may see rate increases well in excess of 25%, with 50%-75%+ rate increases sometimes in play in such situations for a variety of reasons.

Solutions in this Difficult Marketplace

Even amidst significant constraints, opportunities still exist. **Amwins Special Risk Underwriters (SRU)** represents **exclusive Florida condominium capacity** available only through Amwins brokers, serving as a power tool in Amwins brokers’ toolkits and providing clients much needed property capacity in this quickly tightening condominium marketplace. The entire SRU underwriting team specializes in CAT-exposed property and products that are backed by top-rated London and domestic carriers. SRU and our full arsenal of Property carriers are well equipped to manage the changing tide of Florida condominium coverage.

Amwins brokers continue to be 100% committed to identifying the very best available combination of pricing, terms and conditions for each of your Florida condominium accounts, utilizing a single carrier, ground-up quota-share, layered, layered & shared, or wind/ex-wind approach to optimize each placement in these very recent and challenging market conditions. Amwins’ position as the largest wholesaler in the U.S. grants you and your insureds the broadest available market access and leverage in a time where those attributes couldn’t be more important.

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