



# Lenders and Compliance: How Ongoing Changes Reshape the Market

The multifamily insurance landscape is undergoing rapid transformation, driven by lender scrutiny, evolving underwriting standards and loss-driven market corrections. As requirements tighten, particularly across Fannie Mae and Freddie Mac portfolios, now is the time for insureds to rethink how they approach coverage, capital and risk strategy.

In this environment, success isn't just about understanding the market. It's about knowing how to respond. Here are some of the most critical considerations shaping the market and how you can help your clients navigate them.





## Premium vs. liquidity

Insureds are increasingly opting for higher premiums with cleaner coverage over lower-cost options that trigger restrictive terms or escrow requirements. In many cases, paying more upfront is the more strategic move as it helps protect access to capital and avoid operational friction. This reflects a broader shift toward evaluating total cost of risk rather than focusing solely on premium.

## Loss-driven underwriting and lender requirements

A surge in large assault & battery (A&B) and firearm-related losses, particularly where sublimits were insufficient, as well as an increase in abuse and molestation claims have led to stricter underwriting and increased lender oversight.

As a result, Fannie Mae and Freddie Mac have reinforced and evolved their insurance requirements with even small differences between the agencies creating significant financial implications across large portfolios. Non-compliance at the property level can quickly scale into substantial escrow obligations.

Carriers and lenders are now demanding broader, more clearly defined coverage, with heightened scrutiny on exclusions, sublimits and overall program structure.

Aggregate number of residential units	Minimum umbrella liability limits
Up to 250	\$1M
251 to 500	\$2M
501 to 1,000	\$3M
1,001 to 2,000	\$5M
2,001 to 5,000	\$10M
5,001 to 10,000	\$15M
More than 10,000	\$20M

\*For additional information on multifamily insurance requirements, [click here](#).

## Capital tied up in compliance

Stricter lender requirements are forcing insureds to place significant capital into escrow accounts until compliant insurance coverage is secured. This shift creates real trade-offs:

- Capital that could otherwise fund acquisitions, renovations or operational improvements is now being held to satisfy insurance conditions.
- Strategic structuring of coverage is becoming essential to preserve liquidity.

Leading operators are prioritizing program structures that meet lender requirements while minimizing capital constraints, often opting for cleaner coverage that helps avoid escrow triggers altogether.

## Market solutions are evolving quickly

The market is adapting with new tools and strategies, including:



**Monoline product development:** The market has seen the introduction of more specialty products for mono-line A&B, abuse and other frequently excluded coverages. This increase in market creativity is a direct result of lenders pushing back on restrictive forms that previously were not an issue.



**High retention strategies:** Insureds are increasingly opting for higher retentions, leading carriers to reconsider offering coverages they may otherwise be unwilling to provide at a lower attachment point. This also introduces additional competition, as several markets have raised their minimum retention thresholds for classes like real estate, specifically, habitational. Retention levels that were once considered unacceptably high are becoming more normalized by lenders, particularly when supported by favorable loss history, strong risk management practices and third-party claims administration.



**Portfolio and carve-out approaches:** Insureds are increasingly willing to carve out higher-risk properties and sacrifice coverage on those locations rather than penalizing a portfolio that has otherwise performed well. However, when seeking full coverage across a large schedule of properties, we have found that submitting the portfolio in its entirety increases the likelihood of obtaining the needed coverage for less favorable locations.



**Lender waivers and flexible compliance pathways:** At times, lenders such as Fannie Mae and Freddie Mac are granting waivers that allow for reduced limits or higher retentions. However, these waivers are not granted without extensive marketing feedback showing that the coverage can either not be obtained or is cost-prohibitive.

These solutions offer flexibility but require expertise to be executed effectively.

## Data as a competitive advantage

Underwriting is becoming more granular, with increased reliance on property-level data. This is particularly true when it comes to crime scoring which includes both violent crimes (such as assault, battery, firearms, homicide and sexual abuse) and property crimes (like larceny and vehicle theft). Typically, a carrier is more interested in violent crime components of the insured's score, but both can influence rate.

Address-level risk assessments provide a more accurate picture than traditional zip code data and can materially impact underwriting outcomes, especially violent crime exposures.

## We help you win

The multifamily insurance market is no longer just about securing coverage. It's about structuring programs that balance compliance, capital efficiency and long-term risk management.

While some insureds have faced increased premiums as a result of compliance changes, others with better portfolios have experienced less of an impact. By leveraging detailed risk analytics and investing in higher-quality data, Amwins strengthens client positioning with carriers and helps improve placement outcomes.

Our team brings deep expertise in multifamily risk and access to a broad network of carrier relationships and emerging products. We help clients make informed, strategic decisions.

Contact your Amwins casualty broker today.

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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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