



ISSAQUAH HIGHLANDS
**COMMUNITY
ASSOCIATION**

Insurance Policy Premiums 2024

July 2024

The Process

Per the governing documents, the Issaquah Highlands Community Association is responsible for procuring and binding insurance coverage for the general liability for common areas and supplemental neighborhoods, auto insurance for the IHCA fleet, Directors and Officers insurance for the IHCA Board of Directors, Crime and Cyber coverage, as well as a master umbrella policy. All policies were renewed effective July 1, 2024.

Contributing Factors

Nationally, insurance companies have seen a large increases in claims, coupled with rising inflation, rising cost of labor, and construction have caused a ripple effect throughout the insurance industry and their customers. In 2023/2024 fiscal year insurance premiums we experienced an unprecedented 30% increase in cost overall.

Based on the *Statement of Values** and exposures and losses, in our policies we have experienced increases in policy premiums year over year. These costs have increased 15% overall and will be reflected in this fiscal year, which is July 1, 2024 - June 30, 2025. Supplemental neighborhoods were budgeted conservatively with an anticipated 15-20% additional increase from the globe of the insurance market. Changes to this year's policies include a 5% aggregate cap, per unit, for water damage deductible to satisfy lender requirements.

Conclusion

IHCA will continue to partner with our insurance broker HUB International and seek guidance from the national Community Associations Institute (CAI) in VA on global HOA insurance. We will continue to work with Philadelphia Insurance and take a proactive approach to the loss exposures and bundle policies to take advantage of any market discounts. The entire IHCA team wants you to know that we are doing everything humanly possible to keep costs down during this time.

We ask that you do you part as owners by investing in water leak detection monitors for your home, reporting damage in a timely manner, and maintaining the interior of your homes.

Sincerely,

Sarah Hoey

Sarah Hoey,

IHCA Executive Director PCAM, LSM, CMCA, AMS, CMCA

On behalf of the IHCA Board of Directors

Definitions

***A statement of values (SOV)** is a report that an insured submits to an insurer. This report outlines the property insured, its type (i.e. building, equipment, or stock), the value of each piece of property, and the method used to calculate that value (i.e. Actual Cash Value, Replacement Cost, or on a Valued Basis following an appraisal). On policies that insure more than one location, you will typically need to complete one SOV report per location. Completing a Statement of Values report is an important step in the commercial insurance buying process because this is one of the tools the insurer uses to determine your premium. This is also useful in helping the business get insight into their own property. This information can then be used for tax reporting, strategic planning, risk management, and other activities. The report will also help brokers determine whether the limits of insurance are adequate.

What Does Actual Cash Value Mean?

Actual cash value (ACV) is one way that insurance companies measure the worth of assets for an insurance claim. They consider a fair market price of what the asset could have been sold for on the day it was lost, stolen, or destroyed. This typically comes out to a lower amount than the policyholder originally paid for the asset because assets lose value over time due to depreciation and wear and tear.

What Does Replacement Value Mean?

Replacement value is a property insurance term referring to the cost of replacing an asset in its pre-loss condition with an asset of a like kind and quality.

What Does Valued Basis Mean?

Valued basis refers to a type of disability insurance benefit in which a person who is injured and can't work has their wages reimbursed based on the exact amount they were earning.

What is a loss run

A loss run is a report generated by your insurance company showing the claim activity on each of your insurance policies. The loss run serves a number of purposes, including the following:

- **Informational:** Gives you a detailed account of the claims activity on your policy during a given policy term or terms.
- **Initial Assessment:** Helps the insurance company assess the risk level of insuring you, and therefore helps determine what you're pricing and other terms will be.
- **Ongoing Assessment:** Helps the insurance company decide whether or not to renew an insured's policy.

What Is an Aggregate Limit?

An aggregate limit is a maximum amount an insurer will reimburse a policyholder for all covered losses during a set time period of one year.