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Insurance Working Group Releases Risk Mitigation Strategies

Alexandria, Va., Sept. 5, 2024 — The National Affordable Housing Management Association (NAHMA) Insurance Working Group releases recommendations aimed at limiting insurance claim risks through proactive mitigation strategies. The paper, “Affordable Multifamily Housing Management Industry White Paper: Risk Mitigation Strategy by Region, Exterior & Interior,” can be found on the [Advocacy Resources](#) webpage under the Advocacy tab on the NAHMA website. The Insurance Working Group is pleased to share its collaborative results that may provide others with strategies to reduce insurance claim risk. Download the [white paper](#) today.

The Insurance Working Group recommends that a standard of risk management practice should emerge that may be recognized by insurance carriers in the future, with an ultimate goal of stabilized premiums or potential discounts.

In early 2024, NAHMA formed a task force, the Insurance Working Group, to discuss alternative insurance markets and risk mitigation strategies to reduce the number of claims. The task force comprised NAHMA members, including Affiliate (insurance brokers) and Executive members, and/or their colleagues handling insurance for their company, and other experts, stakeholders, and practitioners from the affordable housing industry outside of NAHMA. A risk mitigation strategy was developed by region through the working group’s efforts. The objective was to assess the exterior and interior construction/retrofit opportunities and products that would mitigate environmental and living unit claim risks.

The white paper first assesses the exterior environmental risks by region and then by potential risks. The interior risks are covered broadly below exteriors, assuming that fire, floods and personal security were common, regardless of the region.

The white paper is among other steps the multifamily industry has taken to address the insurance cost crisis. An industry [coalition letter](#) sent to the Biden administration in June encouraged “the Administration, Congress, and all federal policymakers to address the causes of rising insurance premiums across the nation’s housing market, and in particular the significant negative impacts such increases have had on all stakeholders, including, but not limited to, single-family, multifamily, and affordable housing developers, lenders, investors, owners and our nation’s renters.”

According to the industry coalition letter, “as of the fourth quarter 2023, U.S. property insurance rates have increased for 25 consecutive quarters. Likewise, U.S. casualty insurance rates have increased for 17 consecutive quarters. Further, over the past three years, insurance premiums have been subject to unprecedented increases, with providers reporting annual premium increases ranging from 30% to 100% for affordable rental housing communities.” (Citations for this data are provided in the letter.)

“Ultimately, our primary objective in this letter is to ensure housing providers can meet the long-term housing needs of the nearly 40 million Americans who live in rental homes and continue to foster the growing contributions rental housing makes to our economy and communities throughout the country,” the letter said.

NAHMA is the leading voice for the affordable housing management industry, promoting developing, managing and preserving quality affordable multifamily housing. NAHMA advocates for legislative and regulatory policy and provides affordable housing professionals with the knowledge to advance excellence in the communities they serve. NAHMA’s membership represents 75% of the affordable housing industry and includes its most distinguished multifamily owners and management companies. Visit www.nahma.org for more information.

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