

# NAVIGATING THE IMPACT OF SOARING INSURANCE COSTS ON AFFORDABLE HOUSING

November 20, 2025



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Housing  
Initiative

# WELCOME

**Mary Griffin**, Senior Advisor  
Cooperative Development Foundation



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# Affordable Housing Initiative



[Cdf.coop/affordablehousinginitiative](http://Cdf.coop/affordablehousinginitiative)

- Promote the preservation and development of permanently affordable housing through shared equity models (SEH)
- Help educate policymakers, communities and residents about these models
- Demonstrate how shared equity can advance housing stability, racial equity and other outcomes
- Identify policy, financial and technical assistance needs to scale model



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# Shared Equity Housing Models



- Limited Equity/Affordable Cooperatives – 190,000 units across the country
- Community Land Trusts with affordable housing 300+ in urban and rural areas
- Resident-Owned Communities – 344+ across country
- Inclusionary Housing Programs – 1000+



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# Why Shared Equity Housing?

**Provides permanently affordable ownership alternative to rental housing**

Prevents displacement in challenging or gentrifying markets

Promotes owner-occupancy and supports local workforce needs

Long-established models with demonstrated benefits for residents and communities – can provide housing stability, advance social and financial equity



# SPEAKERS



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# Our Speakers

Moderator:

- **Sarah Edelman** – Executive Vice President of Policy and Programs, NCST (National Community Stabilization Trust)

Speakers:

- **Douglas Heller** – Director of Insurance, Consumer Federation of America
- **James Fenniman** – Area Executive Vice President and Senior Director, Affordable Housing Practice, Gallagher
- **Moira Birss** – Senior Fellow, Climate and Community Institute



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# AGENDA



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# Agenda

- Welcome
- Sarah Edelman, NCST, Moderator
- Overview of the Market, Its Regulation, and the Crisis Facing Its Consumers, Douglas Heller, Consumer Federation of America
- The Commercial Housing Market – Working with Housing Coops in NY, James Fenniman, Gallagher
- Proposals to fix home insurance for housing resilience & affordability - Moira Briss, Climate and Community Institute
- Q&A
- Wrap up



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# DOUGLAS HELLER

Director of Insurance  
Consumer Federation of America



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# Insurance for Homes and Housing: Overview of the Market, Its Regulation, and the Crisis Facing Its Consumers



Douglas Heller  
Director of Insurance

# Key Facts and Terms

Regulated by State **Departments of Insurance**, Run by State **Insurance Commissioner**

**National Association of Insurance Commissioners (NAIC)** – Trade Association of State Commissioners; Convenes Policy and Regulatory Discussions; Crafts Model Laws and Regulations; Conducts research

**Federal Insurance Office** – In Treasury Dept.; Non-regulatory; Provides research and information to Federal Entities

**Rate Regulation** – *Rates shall not be excessive, inadequate, or unfairly discriminatory*  
Generally, rates are regulated through: Prior Approval, File & Use, Use & File, or Flex

## U.S. Market Size

Total Property & Casualty (P&C) Insurance Industry Premiums Earned in 2024: **~\$1 Trillion**  
Homeowners insurance is second largest line of coverage: **~\$163 Billion in 2024 premium**  
**~\$100 Billion in 2024 claims**

**P&C Surplus** – Unassigned funds held (and invested) by insurers: **~ \$1.1 Trillion**



# A Crisis for Insurance Consumers

The New York Times

## *The Home Insurance Crisis Is Getting Even More Expensive*

**Insurance crisis deepens in Gulf states**

Foreclosures increase as coverage gaps and higher risks drive market withdrawals

Inside the Liability Insurance Crisis Pushing Oregon Ski Areas to the Brink

**California insurance crisis could have dire consequences for affordable housing**

**The Insurance Crisis Facing Manufactured Homeowners: Rising Premiums and Shrinking Options**

**A home insurance crisis is building in the Mountain West. State leaders are struggling to respond**

Boise State Public Radio News

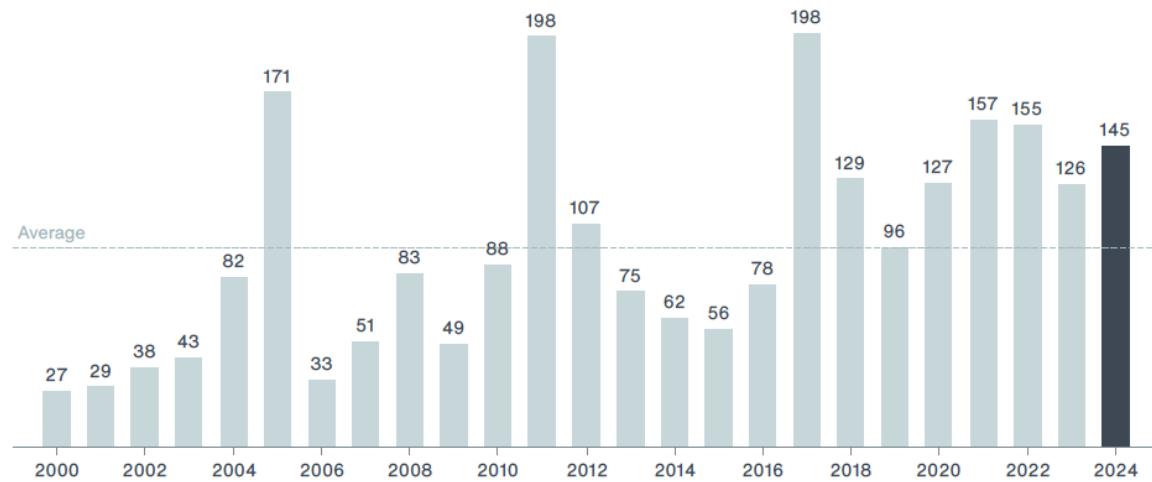
**KOMONews**

**Home insurance crisis: soaring premiums and inadequate payouts for damage claims**

**Illinois community-based foster homes face insurance ‘crisis’**

**Premiums rising, options shrinking: Inside Texas’ home insurance squeeze**

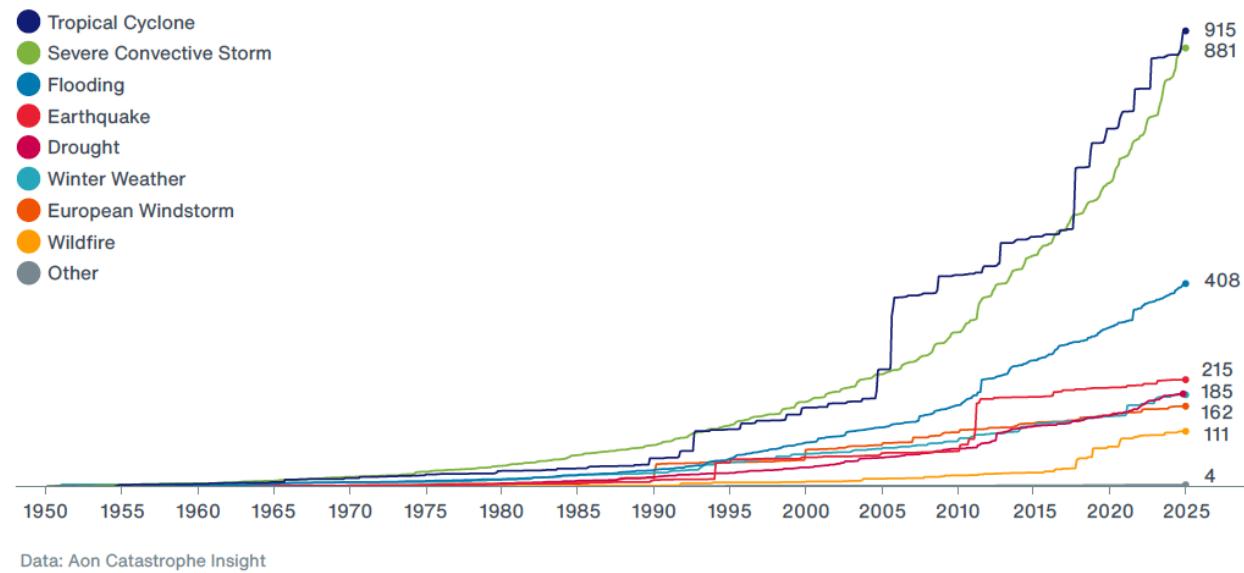
Exhibit 10: Global Insured Losses from Natural Disasters (2024 \$B)



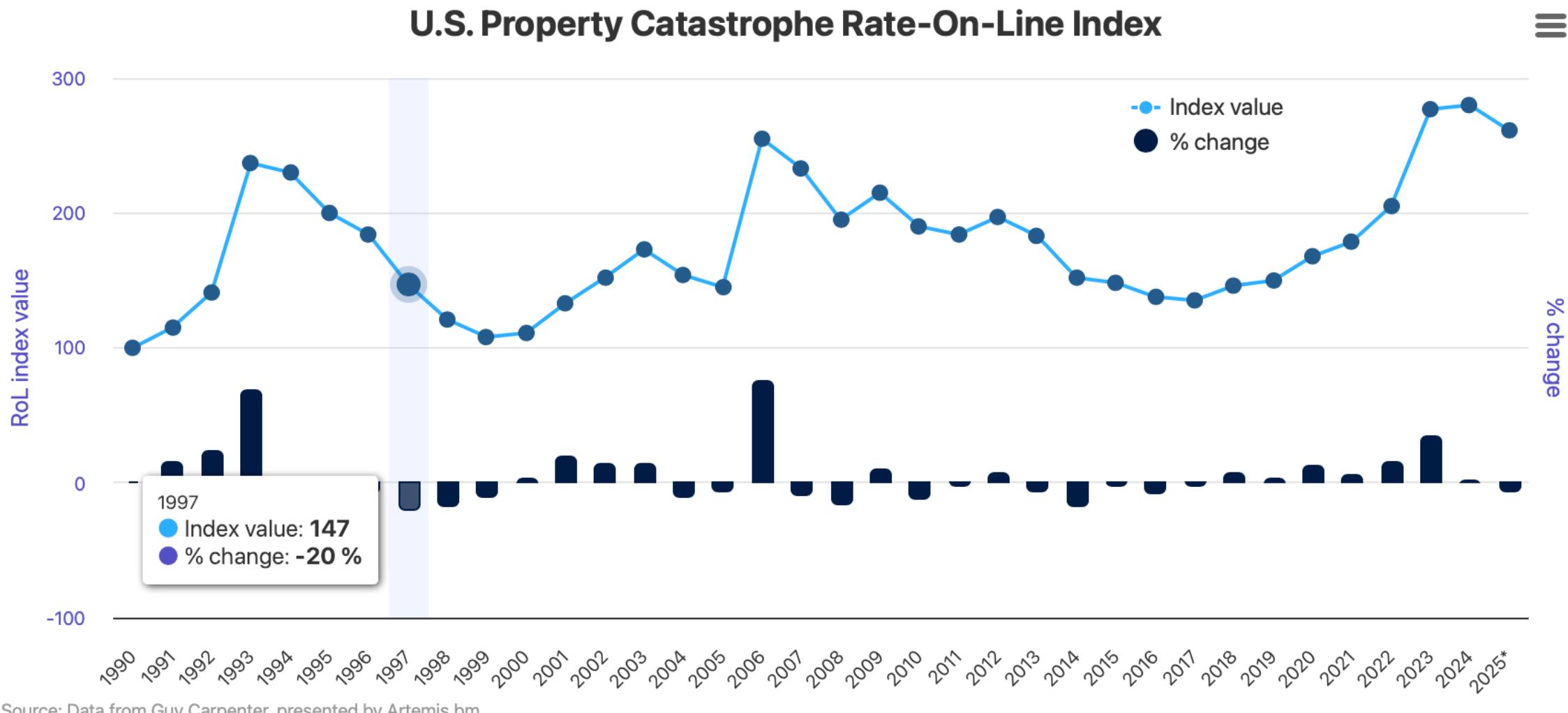
Source **AON**

# Changing Climate, Increasing Risk

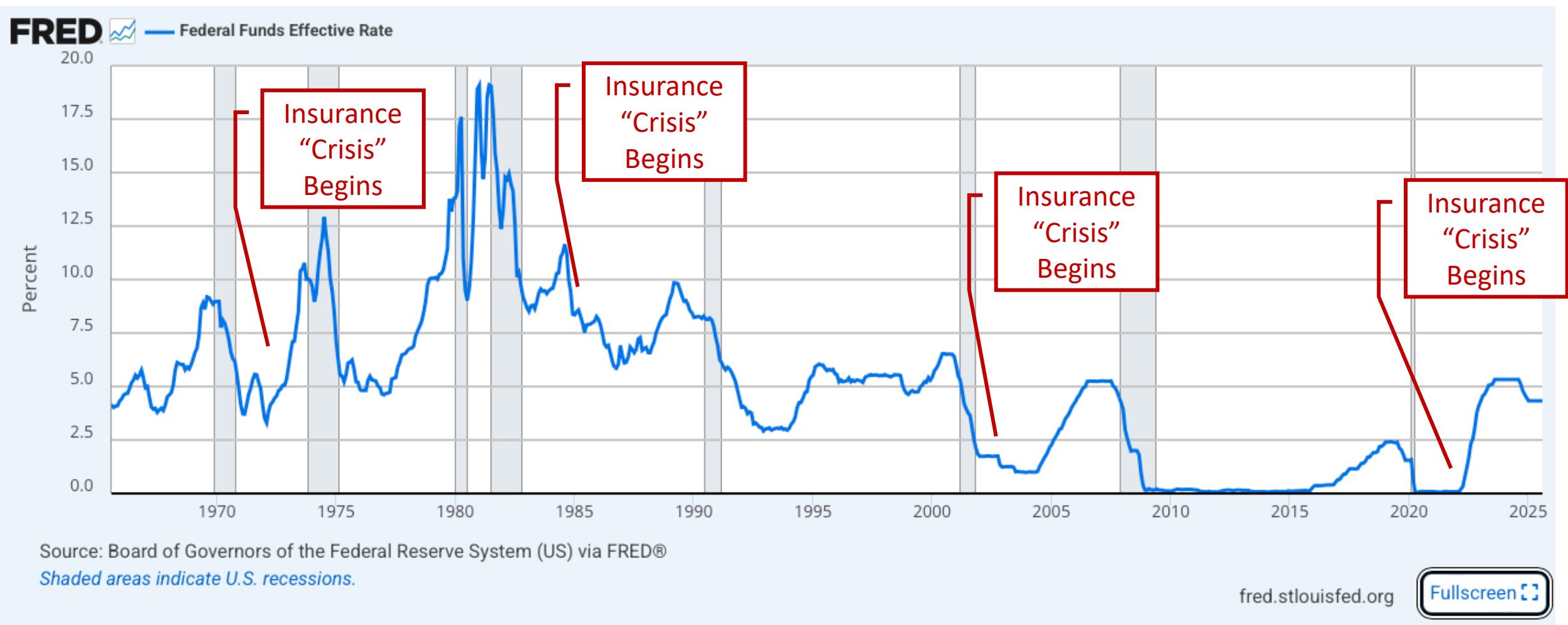
Exhibit 48: Cumulative Global Insured Losses by Peril Since 1950 (2024 \$B)



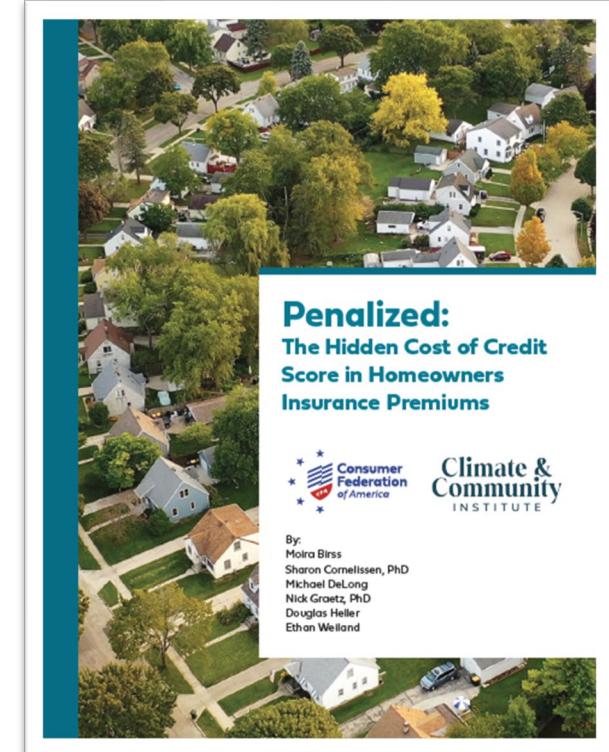
# Seven Years of Increased Reinsurance Costs



# An Insurance Business Cycle That Tracks Interest Rates



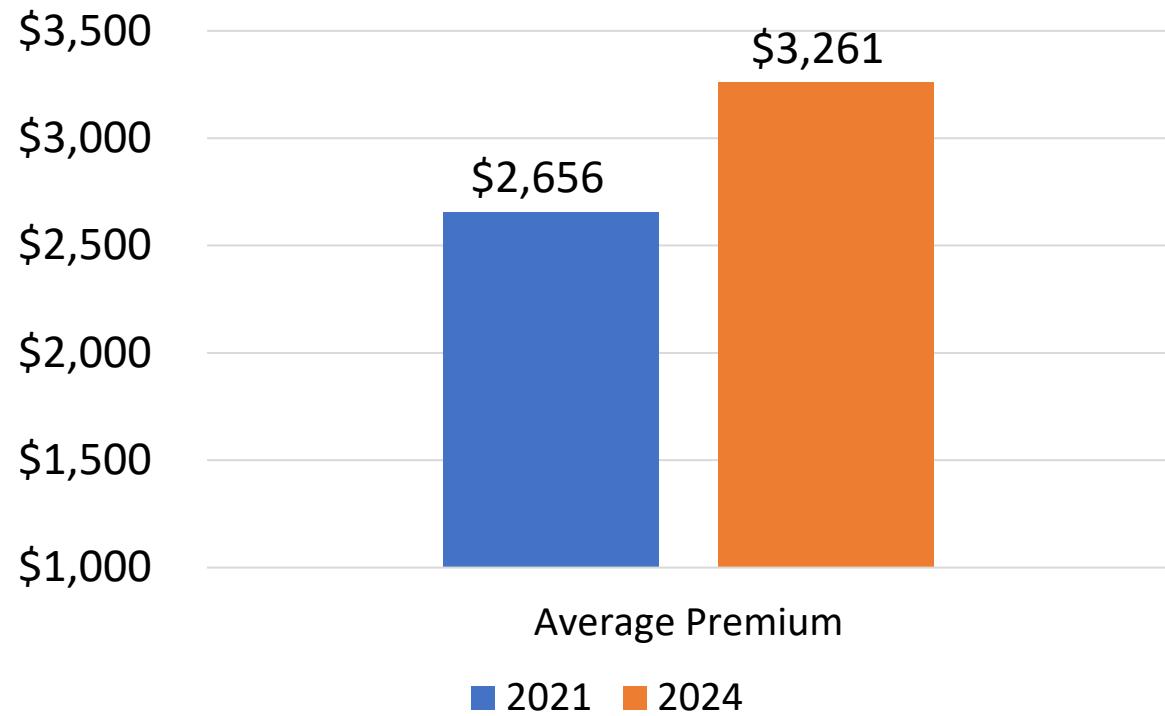
# CFA Reports on Homeowners Insurance



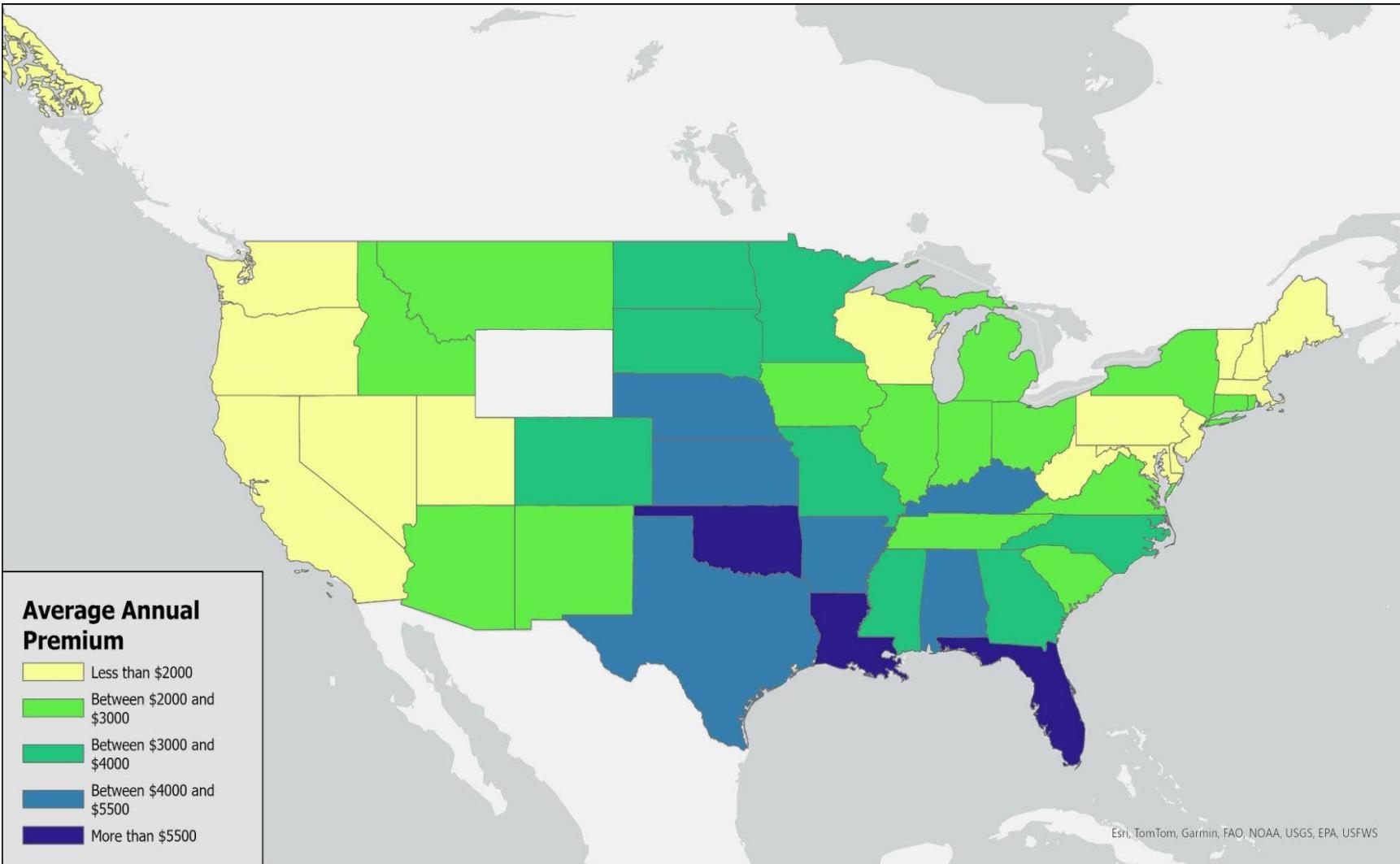
# Unprecedented Premium Increases

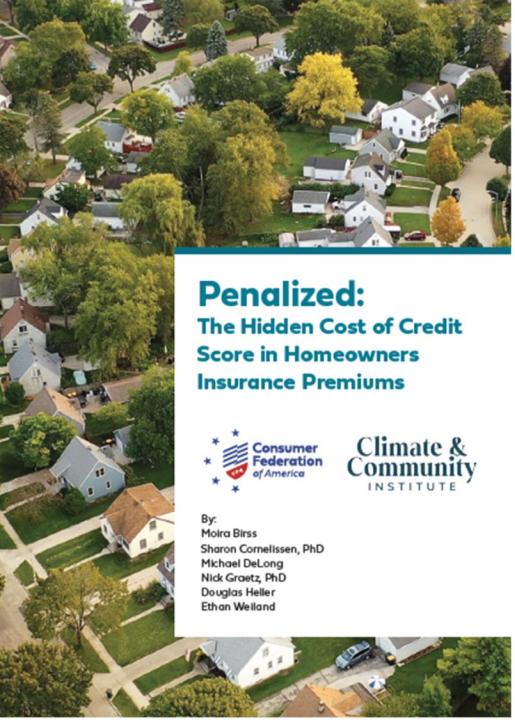


- Average homeowners insurance premium increase of **\$605** or about \$50 per month
- **23%** increase for *typical* homeowner
- Premiums increased in **94% of ZIP codes**
- Largest increases:
  - Utah—59%
  - Illinois—50%
  - Arizona—48%
  - Pennsylvania—44%
- Florida is most expensive state with an average premium of **\$9,462** per year, or \$789 per month
- **\$20 billion** more paid in premiums compared to 2021



# Average Premium by State - 2024



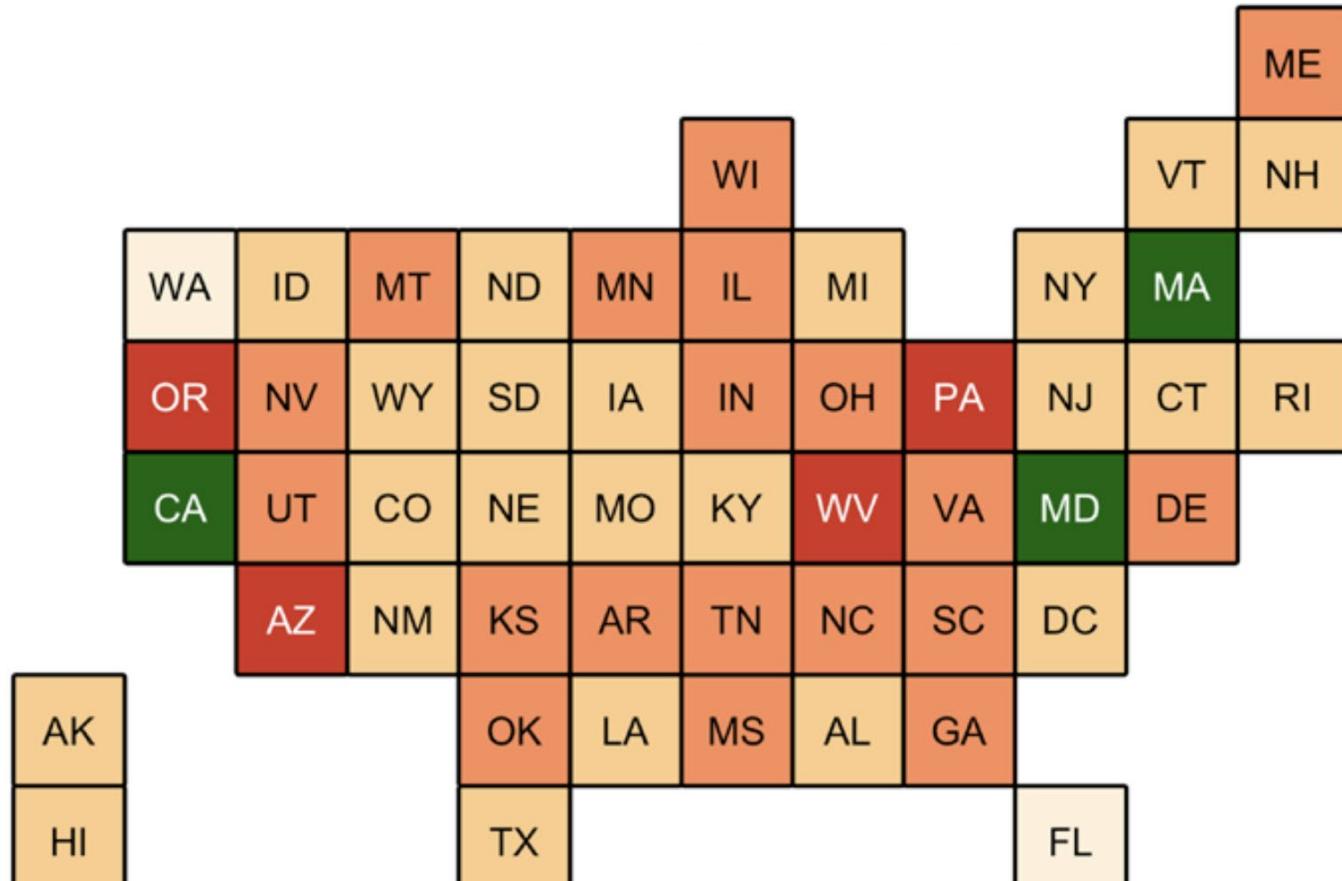


# Credit History Drives Policyholder Premium

- Typical consumer pays a \$1,996 (or 99%) annual penalty just for having a low credit score versus a high credit score
  - Equivalent to \$166 more per month
- Consumers with an average credit score pay 39% penalty: \$792 annually



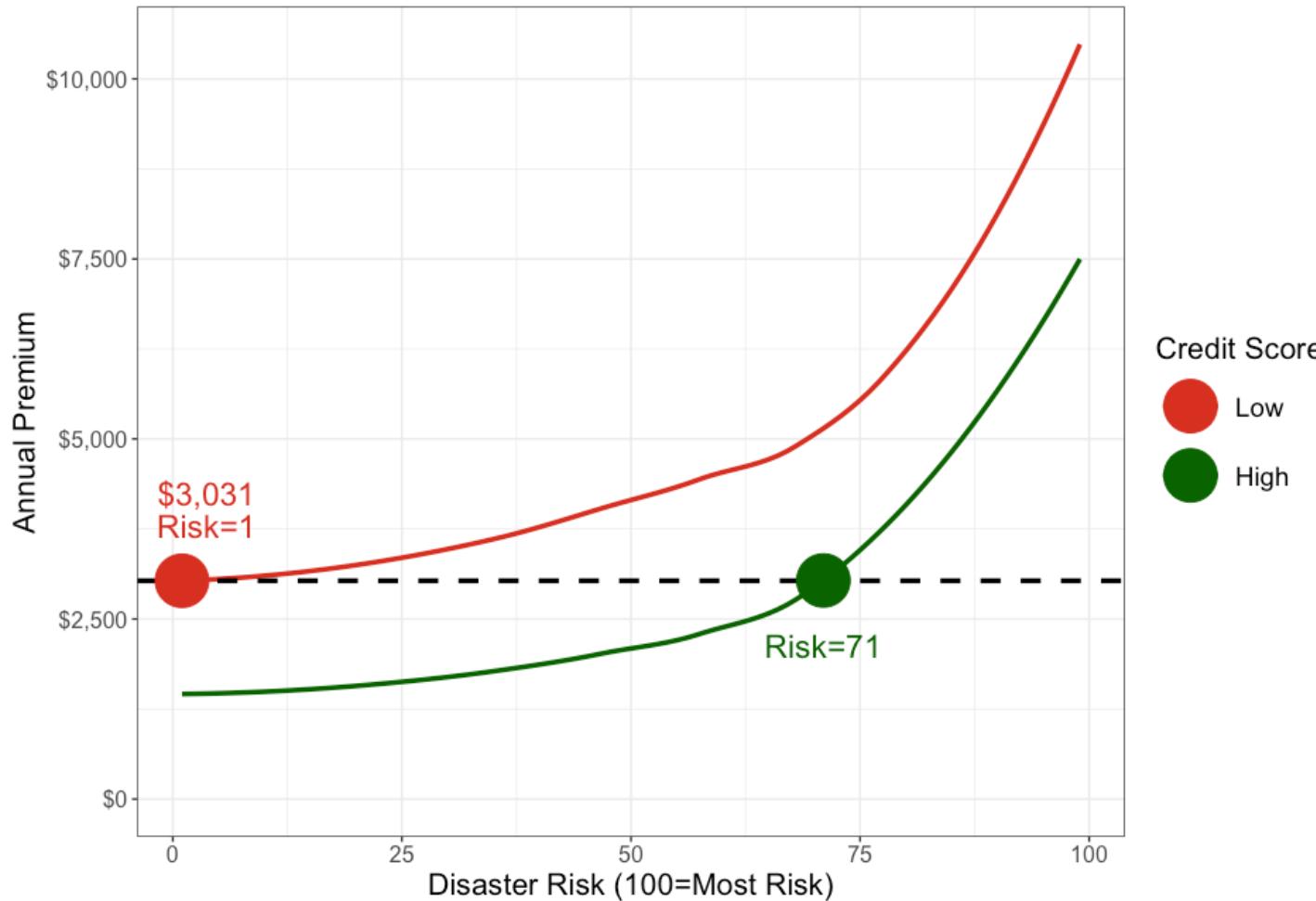
# Credit Score Penalties by State



Penalty █ 0% (No Penalty) █ 1%-49% █ 50%-99% █ 100%-149% █ 150% or Greater

Source: Consumer Federation of America and Climate and Community Institute analysis of Quadrant Information Services data. Note: Illegal for insurers to use credit scores in CA, MA, and MD.

# Credit Penalty Often More Important than Disaster Risk



- **Interpretation:** On average, a homeowner with a low credit score in the least risky part of the country (1st percentile of disaster risk) pays the same premium as a homeowner with a high credit score in a much riskier area (71st percentile of disaster risk)
- **Implications:**
  - Low credit score homeowners effectively subsidize premiums of high credit score homeowners in risky areas
  - Calls into question use of price for signaling disaster risk



## EXPOSED: A Report on 1.6 Trillion Dollars of Uninsured American Homes

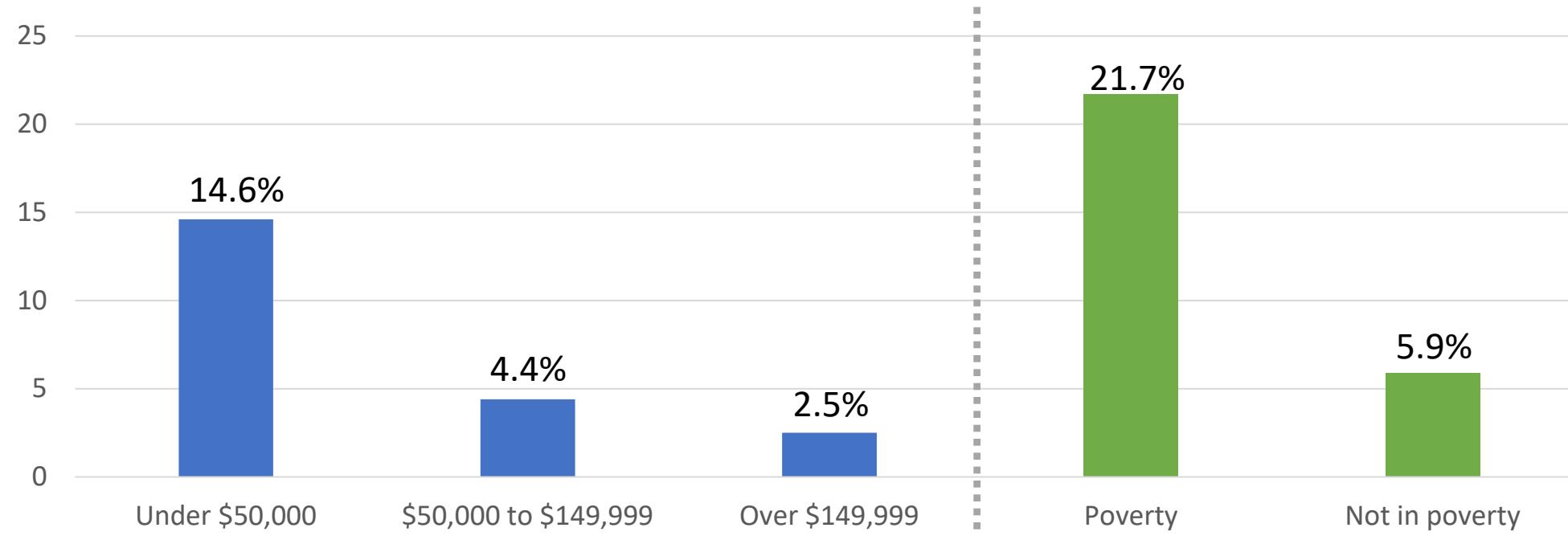
By Sharon Cornelissen PhD  
Douglas Heller  
Michael DeLong

The Consumer Federation of America  
March 12th, 2024

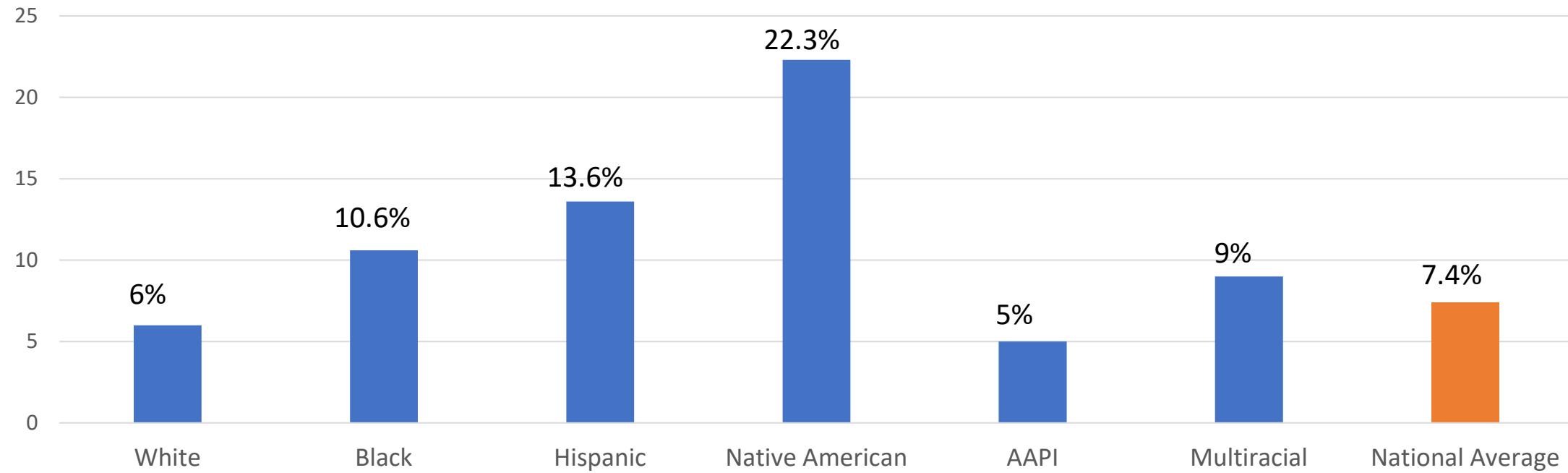
# Uninsured Homes

- 6.1 million homeowners lacked homeowners insurance coverage in 2021
- 7.4% of homeowners
- \$1.6 Trillion in market value uninsured

# Homeowners with Lower Incomes Are More Likely to be Uninsured



# Homeowners of Color Are More Likely to Lack Homeowners Insurance

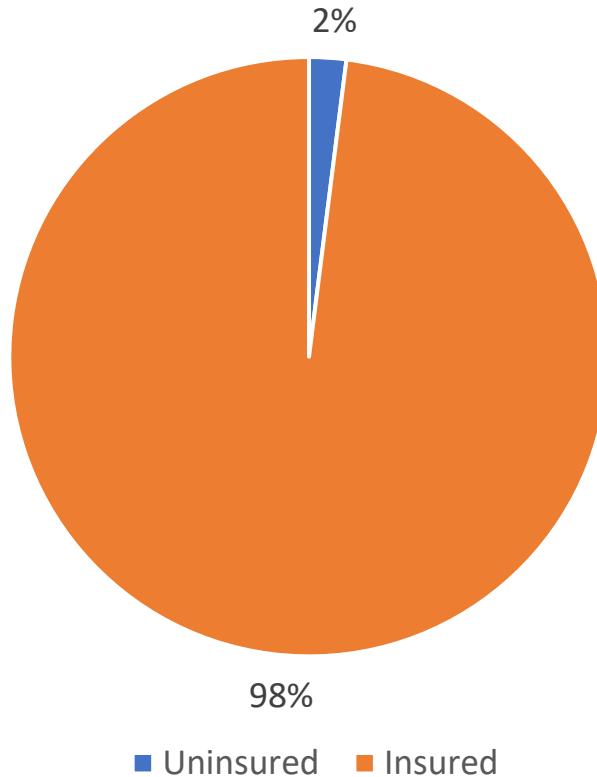


Source: Consumer Federation of America analysis of AHS data 2021.

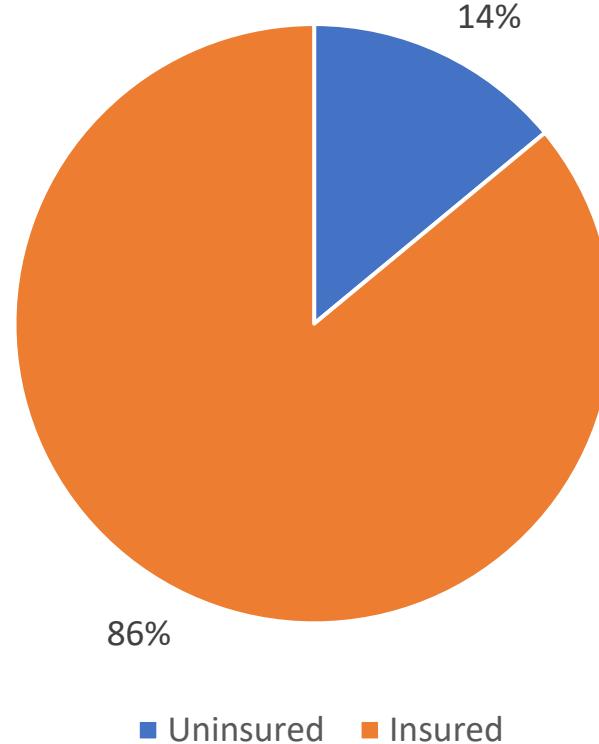
Note: Black, White, Asian and Pacific Islander, Native American and Multiracial are non-Hispanic. Hispanic can be of any race(s).

# Most Uninsured Homeowners Have No Mortgage

With a Mortgage



Without a Mortgage





Consumer  
Federation  
of America

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# JAMES FENNIMAN

Area Executive Vice President and  
Senior Director, Affordable Housing  
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# **MULTIFAMILY INSURANCE MARKET – Trends and Ways to Address Cost Drivers: Experiences with FLIP Program for NYC HDFCs**



James Fenniman

Slide #1



Insurance | Risk Management | Consulting

## FLIP History & Partnership

- Gallagher is dedicated to negotiating for and obtaining the most competitive fire and liability insurance rates for HDFCs.
- Gallagher is the 3<sup>rd</sup> largest broker in the United States with specializations and expertise in NYC habitational real estate and not-for-profit business markets benefit FLIP.
- Gallagher provides support to both UHAB and HDFCs on matters related to FLIP and beyond
  - leading seminars, consulting on loss controls, discussing indemnification and the prevention of labor law claims as well as challenges of NYC construction (NYS Labor Law).

## Multifamily insurance market

- How it works
- Trends
- Challenges
- Cost Drivers

## FLIP History & Partnership

- 36 year partnership between UHAB and Gallagher
- The FLIP (Fire & Liability) Insurance program is administered by Urban Homesteading Assistance Board (UHAB) for the benefit of its members. The insurance program is handled by Gallagher.
- UHAB is a nonprofit established in 1973 to support tenant purchases of cooperatives in NYC by providing extensive services to aid in the development and stewardship of those co-ops. UHAB also provides training and support for cooperatives nationally.

## FLIP History & Partnership

Between both organizations is a dedicated staff of 10 employees that focus on:

- life safety measures,
- insurance rates, and
- insurance coverages

for **Housing Development Fund Corporations (HDFCs)**

The FLIP Program has been one of the most successful UHAB services for the last 36 years and provides coverage for over 500 co-ops.

## What are HDFCs?

**HDFCs (Housing Development Fund Corporation)** are cooperative housing developments created to provide affordable homeownership opportunities.

Established in the 1970s and 1980s, these coops were developed from abandoned buildings owned by the City of New York.

HDFCs offer below market pricing, and include measures to maintain affordability, such as income limits based on a percentage of the Area Median Income (AMI), primary residence requirements, and resale restrictions.

## What FLIP Program offers HDFCs:



- FLIP Partnership provides Education & Training
  - For the UHAB field staff
  - UHAB and Gallagher trains and educate boards, shareholders, and management companies

Contractor screening and vetting

- for planned capital improvements, major façade restoration, and minor maintenance work
- to assess contractor liability coverage related to Labor Law 240

Identify and notify on insurance trends and Life safety  
i.e. Fire Safety plans

Coverage comparisons

# Top Tips for Addressing Insurance Needs in the Multifamily Commercial Market

**Property Coverage**- It is most important to keep up with the cost of reconstructing your building. Currently the estimated cost is between \$300-\$450 per square foot (public records) depending on the type of construction. (Joisted Masonry to Fire Resistive). With the correct replacement cost valuation, you are eligible for a guaranteed cost rider where there will be no valuation penalties.

**Liability**- the most important coverage in NYS is to have your policy include construction workers injuries. NYS Labor Law 240 is absolute liability to the building owner for any injuries to a construction worker. Some carriers either exclude all construction claims or just gut renovation type claims.

## Top Tips for Addressing Insurance Needs in the Multifamily Commercial Market

**Umbrella/Excess** – the market for Umbrella Liability coverage has been difficult for the past several years, sometimes making it not available or affordable. Most buildings have had to reduce the limits from the previously inexpensive \$100MM limit to \$10MM - \$25MM limits.

**Director & Officers Liability** – fortunately, this important coverage is available & affordable & should preferably be purchased from one of the nationally endorsed programs.

**Loss Runs** -the building Board should annually review their 5 year currently valued loss runs, where they will see what losses have been paid or reserved on their building. This is a large part of the underwriting any insurance company will review when considering offering insurance.

# MOIRA BIRSS

Senior Fellow  
Climate and Community Institute



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# Proposals to fix home insurance for housing resilience & affordability

Moira Birss, Senior Fellow

November 20, 2025



# Shared Fates

We expect insurance to  
protect from financial ruin  
after disasters...

**...and yet, the top priority of  
insurance companies is  
profit.**

# The current policy solution: Insurers of Last Resort

# Insurer-of-last-resort design flaws:

- Insufficient pooling and spreading of risk.
- Preclusion of diverse financing sources.
- Failing to address risk mitigation beyond the individual level.
- Provision of inferior products—most only provide “actual cash value” rather than “replacement cost” claims payouts.
- Designed to support the industry, not necessarily policyholders.

**Reliance on traditional home  
insurance models is  
unsustainable &  
perpetuates inequalities**

# Reimagining the disaster insurance system

When designing policy  
solutions, let's ask:

**“What is the role of  
insurance in housing  
resilience and  
affordability?”**

# Efforts to rethink home insurance policy should prioritize:

1. Comprehensive disaster risk reduction
2. The availability of equitable, stable, and affordable insurance
3. New & rebuilt housing in locations least at risk of disaster

## 1. Comprehensive risk reduction

- Proactive
- Coordinated
- Connected to broader land use, housing, and insurance policy
- At the individual-, community-, and landscape-level

## 2. The availability of equitable, stable, and affordable insurance

- Support post-disaster recovery AND proactive disaster risk mitigation.
- Embody principles of solidarity, regardless of socioeconomic status, race, or geography.
- Be available as a public good.

### 3. New & rebuilt housing in locations least at risk of disaster

- Integration of multiple policy areas:
  - ◆ Housing
  - ◆ Land use
  - ◆ Insurance
  - ◆ Infrastructure
  - ◆ Disaster mitigation & response

# Policy visions for new home disaster risk insurance systems

# State Housing Resilience Agencies

## Risk Reduction Office

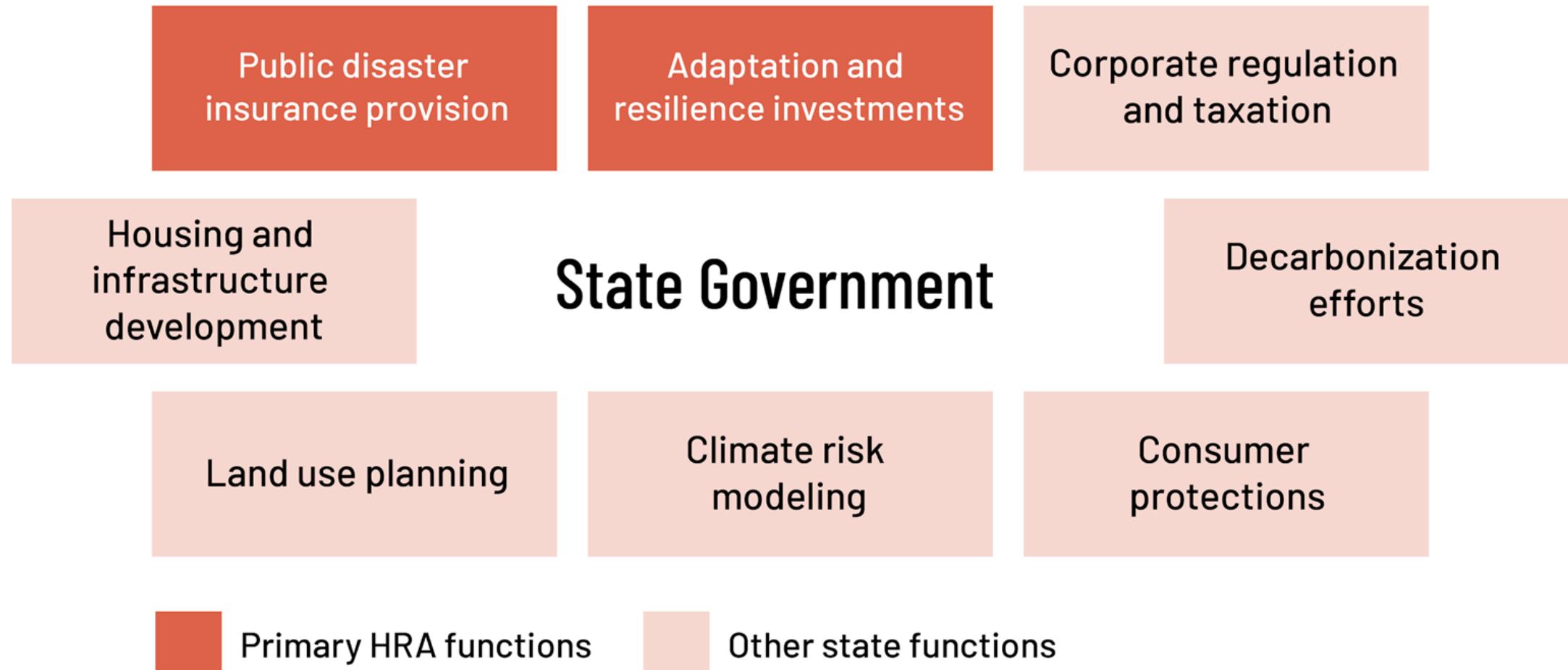
Implement comprehensive disaster risk reduction and decarbonization efforts

## Public Disaster Insurance Program

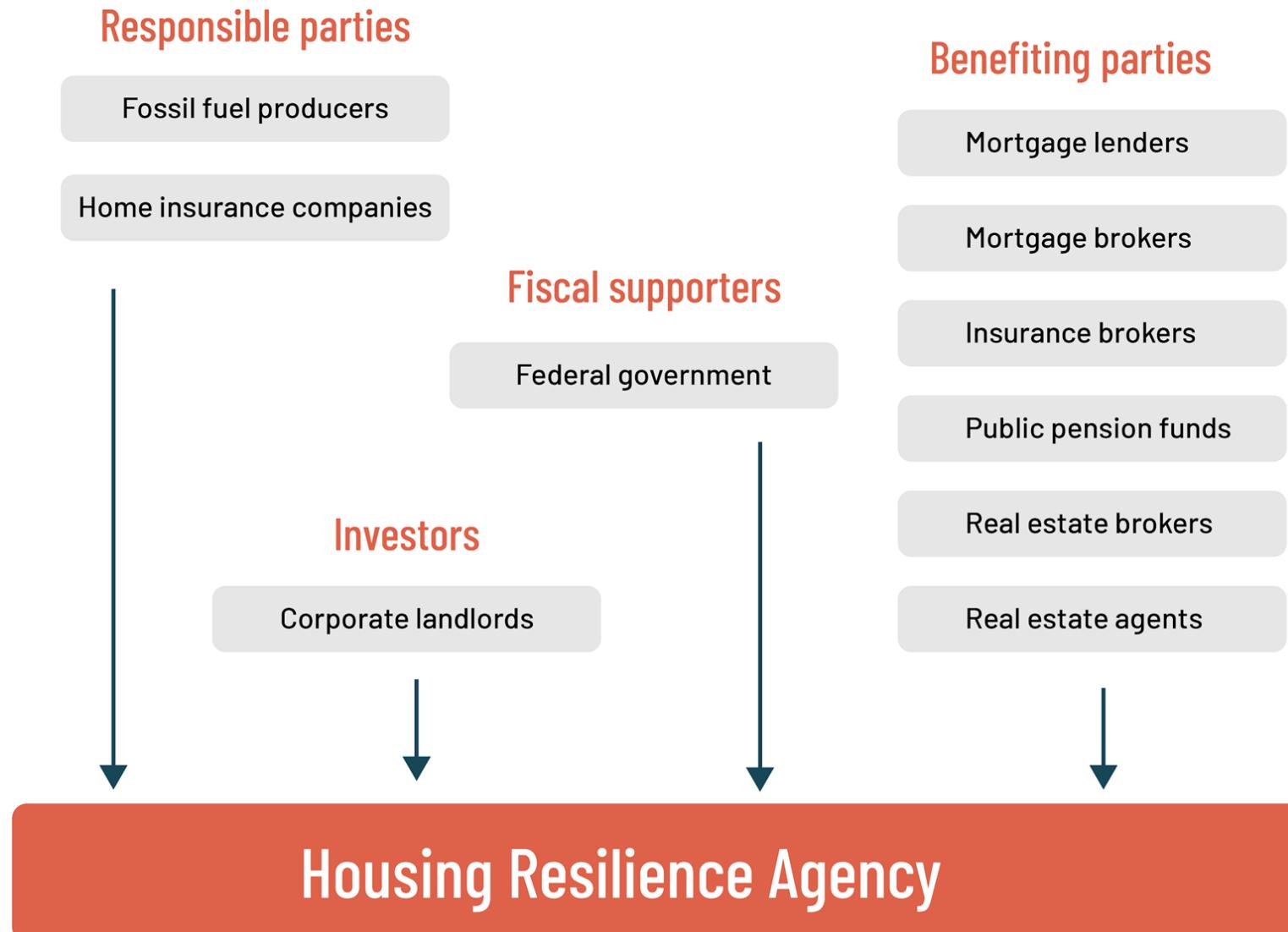
Administer single-payer, affordable disaster insurance



# HRAs would be key players in a whole-of-government approach to the housing and climate crises



# Funding the HRA



# Thank you!

Read our summary report:



Email me:

[mbirss@climateandcommunity.org](mailto:mbirss@climateandcommunity.org)

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# QUESTIONS?



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# Stay in Touch!

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# THANK YOU!

**CDF**

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