

Colo. HOAs are getting crushed by insurance. Can anyone help?

ACR

Homeowners association fees for people living in condominiums or other multi-unit dwellings have been increasing year after year — doubling one year only to go up again the next — and the effect is crushing. The fees make housing unaffordable, pushing out existing owners and renters, but the fees also cause property values to decline as would-be buyers balk at outrageous monthly fees on top of high housing prices.

Fees increase for many reasons, but according to recent reporting by The Denver Post's Aldo Svaldi, some of the biggest increases are a result spikes in property insurance premiums. So profound is the problem in Colorado that in 2024, lawmakers gave the Colorado insurance commissioner two years and \$329,863 to study the issue and report on their findings this January.

Now is the time for Colorado lawmakers to step up and help keep existing multi-unit housing affordable. Insurance relief will also assist single-family homes in subdivisions where HOAs have a hard time insuring community buildings and recreation centers.

We fear that since 2024, matters have only gotten worse for Coloradans living in multi-family units that share insurance coverage using an HOA. The extreme example is Broomfield, where condominium owners are now paying a premium for their property insurance because of the threat of wildfire — made apparent by the 2021 Marshall Fire fire that tore through Boulder County. The Denver Post's Aldo Svaldi found some communities where HOA fees have doubled — or more — in response. And condominium housing values have plummeted 12% in a single year.

When the report is released this month, Colorado's leaders need to take a long, hard look at how we can protect people from skyrocketing insurance costs and the subsequent increase in HOA fees. In theory, living in a condominium should protect people from skyrocketing insurance costs. If 50 people live under the same roof, sharing that cost burden of insuring that roof should be a fraction of the impact to individual homeowners. But because of complexities in the market, that is not the case.

"What we are seeing in the market over the past 12 months is that the premium increases seem to be stabilizing, but they are stabilizing at a place that's really high," said Michael Conway, Colorado's insurance commissioner. "It is imperative to try to find ways to bring more affordability into the market. There isn't an easy button. It's going to take a lot of work."

Conway said that the single biggest driver of homeowner's insurance premium increases is hail damage claims. If you have ever seen roofers going door to door after a minor hail storm in Colorado, you might have an idea what is driving the claims and the costs.

In addition to the excess and sometimes dubious roof claims in Colorado, the condominiums are uniquely burdened by a shortage of companies offering insurance policies to multi-unit dwellings, especially in large complexes that require multi-million dollar policies with complex terms.

Note

These units are insured through the surplus lines market — an insurance marketplace that exists largely unregulated for unique or high-risk properties. The nature of the market means that policies are not reviewed or approved by the Department of Insurance. The lack of standard language and other regulation also makes it more likely that HOAs will suffer surprises about what is and is not covered by these complex agreements. Instead the system relies on licensed agents to broker the deals and take a commission.

Colorado lawmakers need to take a long, hard look at the market for insurance for complex and hard-to-insure units. We are not suggesting that Colorado establish a state-owned insurance company for such units or even that it step up regulation. That ship has sailed.

But Colorado could play the role of a broker, providing free services to residents who live in HOA communities to help them navigate these systems, shop for options and perhaps qualify for Colorado's new insurance of last resort.

That is just one of many ideas that lawmakers should investigate after the report is released this month.

Speaker of the House Julie McCluskie, who was an author on the legislation requiring the study, said she is open to any and all suggestions.

"I'm eager to get my hands on the report in the next week or two and see what direction it might take us," McCluskie told The Denver Post. "We should open every door and explore every option."

McCluskie said residents in her mountain town communities are suffering from the insurance prices and are struggling to keep units insured and affordable.

Colorado lawmakers have a responsibility in 2026 to make this a top priority. The report will guide the way, but not if it sits on a shelf after it is released. There are ways to help HOAs navigate these systems and to create a fair field of competition for insurers, if only we can find the political will to make it happen.