

REAL ESTATE

Property insurance increases of 400% seen at some condos, HOA properties

Insurance rates rising fast across the state, but jumps can be especially pronounced at buildings managed by a homeowner association.

By **Bill Lukitsch**
The Minnesota Star Tribune

MARCH 21, 2025 AT 6:30AM



ADVERTISEMENT



Donate



Larry Struck, HOA board president at Windwood Condominiums, said their property insurance rates suddenly went up by 400%. (Leila Navidi/The Minnesota Star Tribune)

ADVERTISEMENT

- Comment
- Gift
- Share
- Listen

Just after Nancy Brand secured a seat on the resident-led board at Edina’s Windwood Condominiums, the property manager revealed that after years of single-digit increases, their property insurance rates would increase – by 400%.

“Our insurance expired at midnight on December 31st,” said Brand, 75. “We found out on the 29th.”

“It was hard to choke down, and we spent a lot of time searching for alternatives,” added Larry Struck, 76, Windwood’s HOA president.

The episode provided Brand and Struck front-row seats to a topsy-turvy property insurance market in Minnesota that has caught attention from homeowners, lawmakers, insurance brokers and real estate agents. Insurance rates are rising fast statewide, but the jumps can be especially pronounced at buildings managed by a homeowner association (HOA).

Living in HOA communities has become more expensive in recent years, and insiders say [rising property insurance costs](#) are a major reason why. Insurance agents and brokers say the price pressures are especially acute in the multifamily market, a sector long viewed as a place for retirees to downsize or for first-time homebuyers to build equity.

In years past, HOA communities found cost savings on insurance by grouping together and pooling resources. But as the cost of covering large swaths of property has become more expensive, some HOA community leaders are finding that advantage wane.

Meanwhile, property insurance companies are weathering greater costs driven by more frequent severe weather due to climate change and ballooning bills from contractors.

Insurers made a profit in Minnesota in 2024 after five years of straight losses, according to the Insurance Federation of Minnesota, an industry trade group. The high-water mark of claims outpacing premiums came in 2022, when carriers paid \$1.92 for every \$1 collected.

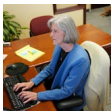
The property insurance issue is a talker – and a cause for some concern – among many Twin Cities HOA residents, including those in townhouses and condominiums, said Lynn Boergerhoff, founder and president of the locally based educational and advocacy organization [HOA Leadership Network](#).

“In virtually every HOA, we’re hearing the same story,” Boergerhoff said. “It’s either been very difficult to get insurance, or the insurance they are able to get has reduced coverages and increased costs. That’s certainly going on very broadly throughout our metro area.”

‘A whole lot of hand-wringing’

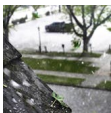
Plenty of Minnesota’s housing is covered by HOA covenants.

Related Coverage



BUSINESS

Property insurance rates in Minnesota climbing fast with no end in sight



NO SECTION

Why do so many Minnesota homeowners get free roofs after a hailstorm?

In the seven counties covering the Twin Cities metro area, HOA Leadership Network estimates there are 3,860 townhouse, condo and cooperative HOA communities containing 197,000 housing units.

As a state, Minnesota ranked 15th in total number of HOAs, with 8,000 associations, 1,560,000 residents and 624,000 units, [according to a 2024 study](#) by the Foundation for Community Association Research.

Nationally, an estimated 77.1 million U.S. residents live in some type of homeowner association and about 33% of the nation's housing stock is located within one, the study found.

HOA communities operate like quasi, hyperlocal governments. Residents volunteer to be board members and oversee the property's management, long-term planning and local code enforcement.

Fees generated from residents typically go toward three main uses: a master insurance policy to cover commonly owned property, a reserve fund to plan for major infrastructure projects and emergencies, and day-to-day operational needs like mowing lawns and plowing snow.

Mark Foster, vice president of the HOA leadership group, said its 1,100 members face insurance companies vanishing from their market, quotes coming at the very last minute and shocking premium increases like the 400% rise at Edina's Windwood condos.

"That has caused a whole lot of hand-wringing," Foster said. "Some of our network members have asked the question, 'Well, can we just divide the property up in fourths and then get different insurance companies to cover those quads?'"

"Our lawyers and others in the industry are saying that's a terrible idea, it might not even be legal. But you can see how creative the thinking becomes when we're faced with these dilemmas in HOA-land."

Foster and Boergerhoff both live in an 84-unit townhouse community in Lakeville. Over the past five years, their property insurance has gone up by 400% as well.

Boergerhoff said surveys conducted by his group found that in 2024, an HOA's property insurance cost made up 34% of the yearly budget on average. In 2022, he said, property insurance took up 27%.

"More than a third of all of the money that comes into the HOA gets spent on just this single line item," Boergerhoff said, adding that the "financial burden gets passed directly back on to homeowners" with higher monthly dues.



The indoor pool at Windwood Condominiums in Edina is one of the features offered to members of the community. (Leila Navidi/The Minnesota Star Tribune)

State attention, insurance pressure

HOAs are getting some notice in the statehouse. A pair of [House](#) and [Senate](#) companion bills introduced this year have bipartisan support.

Last year, state lawmakers established a working group to study HOA issues and come up with solutions. [A final report delivered in February](#) made 41 recommendations that touch on board governance, financial interests and dispute resolution, among other areas.

Some of the proposed changes would target loopholes in oversight and conflicts of interest that can make multifamily properties more expensive, and therefore more costly to insure.

One case [profiled by the Minnesota Reformer last year](#) prompted Aaron Cocking, president and CEO of the Insurance Federation of Minnesota, a lobbying group, to call on the Attorney General's Office to investigate for fraud.

Cocking said insurance providers are concerned about possible self-dealing and inflated contract costs within some HOA communities, which may influence cost increases and policy offerings.

“We all have to pay for it in the form of higher premiums,” he said.

Another area of concern driving higher insurance rates, Cocking said, is the toll of high-dollar court judgments and the potential for abuse of the civil legal system. Risks are rising for multifamily properties, he said, like claims stemming from premises liability.

And Cocking said some insurers are quitting Minnesota.

“As we know from Econ 101, the fewer carriers that write [policies] in a space, the higher the price goes, because there’s fewer options,” Cocking said.

Insurers that lose money “year after year after year” can’t stay in that line of business, he said.



Nancy Brand, vice president of the HOA at Windwood Condominiums, gives a tour of the library and card room. (Leila Navidi/The Minnesota Star Tribune)

A ‘fundamental’ need

After Windwood’s insurance debacle, monthly dues went up overnight, by an average \$262 for a two-bedroom condo with roughly 1,250 square feet.

Some residents experienced hardship. The Edina community is home to a range of lifestyles and incomes, from young families with children to snowbirds with a second home.

Brand and Struck, the HOA board members, noticed an uptick in units going on the market. And they’ve heard their neighbors air grievances.

Built in 1972, Windwood sits on roughly 12 acres and spans three main residential buildings. It has two swimming pools – one indoor, one outdoor – a community library, a party room and a garden with 23 plots.

One of those plots is Brand’s, where she grows tomatoes, green beans and peppers. She moved into her condo 4½ years ago, days after she retired, seeking a turnkey property with no big project to take on. It quickly felt like home, she said, and getting to know her neighbors “was just the icing on the cake.”

The blowup of the Windwood’s insurance policy in 2024 prompted board leaders to seek advice and options from their insurance broker. Struck and Brand said changing carriers this year saved about \$100,000 in annual premium cost.

But concern remains about the future, Struck said, as too few carriers in the market appear to offer the kind of service Windwood needs. He worries about broader effects on Minnesotans who want to buy a home someday.

“Property insurance is fundamental to having a home, and it’s fundamental to home ownership affordability,” Struck said. “Younger people now, they’re looking at a future where they’re wondering, ‘Will I ever be able to afford to buy a place of my own?’”

Share Comment

➔ ABOUT THE WRITER

Bill Lukitsch

REPORTER

Bill Lukitsch is a business reporter for the Star Tribune.

[See More >](#)

More from Real Estate

[See More >](#)

REAL ESTATE

Minneapolis' total property value falls for second consecutive year



New assessments signal the property tax burden will continue to shift toward homeowners.