



Vail's economic dependence upon the community's tree enabled moisture laden microclimate caught in the climate change crossfire between risk adverse insurers, concerned government regulators, thirsty water authorities and urbanizing developers.

VAIL HOMEOWNERS ASSOCIATION

Letters to Vail

July 1, 2024

Elephants in the Room:

VHA has received reports about precipitous increases in property insurance premiums from owners of condominium units in Vail Village. According to insurers the increases are partially tied to costs of restoration from damages occurring regionally and globally, often caused by weather related disasters.

The rate increases are prodigious enough to motivate a few properties in Vail to drop property insurance altogether, a signal that some property owners are resisting participation in the trend of ever-increasing insurance premiums. Some of the cost increases are related to government required climate change regulations or utility upgrades. The Colorado State government is working to become insurers of last resort and is trudging through a cumbersome process to extend property tax relief for defensive building improvements.

Insurance companies are becoming much more rigorous in their assessment of risks. Insurance inspectors determine whether a property's improvements and surroundings are adequately secured against natural and manmade hazards. Structures are evaluated in terms of their vulnerability to damage. For example, wood shake shingle roofs are a deterrent to coverage or lower premiums. Natural hazards include flood, avalanche, landslides, rockfall and wildfire, all are present in Vail and the surrounding region. Risk evaluations also verify whether access roads to properties allow for the safe passage of public safety vehicles in the event of an emergency.

The reason for heightened scrutiny by insurers is to avoid a cascading meltdown of the global financial system, which is put in jeopardy if insurers revenue cannot fully cover disaster recovery costs. As a hedge against failure, in certain instances insurance companies will drop coverage in high-risk areas. High hazard areas have become the most vulnerable to rate increases from risk adverse insurers. Insurance rate increases are encouraging the enforcement of preventative regulations and actions.

Why some Vail properties are receiving significant increases while others are not may be due to site conditions or the risk adverse status of the insurer. The situation calls for verification by the TOV that reasonable steps have and are being taken to defend the community against natural and manmade hazards. Vail would be well served if a comprehensive report was prepared by authorities recounting the steps which have been taken since inception to hardened the Town's defenses against hazardous occurrences.

The proactive measures taken by Vail outdistance those taken by less attentive jurisdictions. Why should Vail insurance rates be cast in the same light as those that are less attentive or are in an altogether different climatic zone? Proof of lower risk should translate to lower premiums.

Lenders require mortgagees to have property insurance. Escalating home operating costs imposed by insurers, utilities, and governments could cause a widespread phenomenon of mortgaged homeowners walking away from their investments, causing a predicted banking crisis that could deflate the value of real estate and personal incomes.

Future Report: Recent events indicate increases in fees related to water system expansion and usage restrictions are of such a magnitude that the diversity of the Vail population could be put in jeopardy. The intent of local water developers is to expand the population down valley by promoting the building of Bolts Lake Reservoir to further intensive development in arid regions. This could result in a drying of Vail's moisture laden microclimate.

Meeting Notice:
Vail Homeowners Annual Membership Meetings
July 24,25 and 26, 2024
1:30 pm-3:00 pm
Vail Public Library – Community Room
Prior registration is required
Registration: vailhomeownersassoc@gmail.com

Zoom access available.

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