



Insuring Your Community

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Boards of Directors of Resident Owned Manufactured Housing Communities are bound to perform many tasks, but the one task which they usually are the least prepared to perform is the responsibility of purchasing the proper types and amounts of property and liability insurance for their associations. Most board members have limited experience in this area and are forced to rely on the advice of their insurance agent. Sometimes relying on this advice is adequate, but unless that agent specializes in insuring these types of communities the scope of that advice may prove to be insufficient. This article will suggest a different approach to purchasing insurance coverages, an approach that is commonly used by large corporate insurance consumers but which applies to resident owned communities equally as well.

Traditionally it has been accepted practice for associations to “get three bids” on everything, including insurance. Sometimes this is even spelled out in the association’s bylaws or other documents. The facts are these: in Florida today the “market” for insurance on manufactured housing communities is very limited. In actuality there are only two or three insurance carriers that are aggressively insuring these types of communities (or for that matter, insuring them at all). The practice in the insurance industry is that carriers will only work with one agent at a time. If agent A submits a community to a carrier and the carrier has already received a submission from agent B, then agent A will be “blocked” from getting a quotation from that carrier. Many people are unaware of this situation. At any rate, agent A will have spent a lot of time and effort with no result. In the end, the association will only get proposals from the first agent to submit their account to the carriers. The association will then be

“stuck” with that agent, even though the association may not feel he or she is best suited to handle their business.

It is the opinion of many professionals (and the actual practice of many corporate insurance customers) that the practice of “shopping” for insurance should start at the agent level. That is to say, associations should select three or four agents to interview to determine who is best qualified to handle their insurance. Criteria should include their experience in insuring other similar associations, their educational background, their involvement in industry associations, and their familiarity with community insurance in general. One agent should then be selected and be given the responsibility of analyzing all the needs of the association, making complete submissions to all the carriers deemed appropriate, and bringing all of his quotations and recommendations back to the board for final approval.



When this one agent is selected as the “agent of record” he or she can work diligently on behalf of the association knowing that his or her efforts won’t be blocked. In addition, when a carrier is made aware of this “agent of record” relationship, that agent achieves a greater leverage with that carrier that he would not otherwise have in obtaining both the best coverage and pricing for the association. The association can then interview different agencies every few



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years to determine if they want to make a change in agents.

In this way the association will receive proposals from all the interested carriers and the agent will be able to organize them in such a way that the board can easily compare them and make an intelligent decision with unbiased professional assistance and guidance. If you think about it, when you need a doctor or lawyer or accountant, you don't flip through the yellow pages to find out which is the least expensive. You call your friends or other professionals with whom you deal to get a referral. You then rely on the professional expertise of that person to guide you. The same should be true for your association's insurance needs. After all, as a board member you have accepted a big responsibility, and you certainly don't want to get into a situation where you have to explain to your members and friends why a large claim is not covered.

Pat Carlisle has been in the insurance business for 36 years and started Carlisle, Fields & Co. in 1976. He now has affiliated offices in Clearwater, Tampa, and Brandon. They are long-time members of the Florida Manufactured Housing Association and Pat is a member of the FMHA Finance and Insurance Committee. He specializes in insuring manufactured housing communities of all kinds. His office is located in Clearwater where he has lived since 1960. He also happens to insure the Pinellas County ROC Forum.