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How Insurance Carriers Use Crime Scores to Assess Risk in the Affordable Housing Industry

Many insurance carriers use third-party crime scores to evaluate their exposure to criminal risk when underwriting general liability insurance policies. At worst, a high crime score may preclude the owner of a multifamily housing complex from obtaining insurance coverage, and at best, a high crime score may result in higher premium costs. These underwriting practices are especially impactful to the affordable housing community because affordable housing may be in areas with higher crime scores when compared with traditional multifamily properties. Thus, affordable housing providers are highly likely to experience a loss of coverage or relatively high insurance premiums.

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10 reasons why crime scores may not accurately depict the risk associated with criminal activity for a specific property:

1. Property-level crime scores are estimates from larger census block geographies.
2. The FBI database, which serves as the main dataset for crime scores, may have data entry, coding technique, or crime assignment imperfections.
3. Crime scores may misrepresent crime risk near census block group boundaries.
4. Crime scores treat all crimes as equal, thereby failing to take into account heightened general liability risk associated with certain types of crime.
5. Affordable housing providers are subject to more regulations than owners of traditional multifamily housing and these regulations may reduce property specific crime rates.
6. Affordable housing complexes often have programming in place that reduces the risk of crime onsite.
7. Affordable housing improves neighborhoods and serves to reduce local crime rates.
8. A crime score may capture a concentration of crime in the block group and inaccurately attribute that concentration to neighboring properties.
9. Crime scores do not account for geographic characteristics associated with surveillance and crime prevention.
10. Crime scores do not account for property-specific characteristics such as architectural designs or management practices.

The practice of employing crime scores to assess property-specific risk may negatively impact affordable housing operators. To better serve all parties, we recommend using the 10 points highlighted in this report to initiate a conversation between insurance carriers and affordable housing operators.

[Read the full report here.](#)

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