

ILS Committee Meeting

Date: September 13, 2022
Time: 5:37 p.m.
Attendees: Nancy Arndorfer, Chair person
William Olmsted, Member
Jerry Dunn, Member
Leslie Arnal, Member
Ricardo Pineda, Member via Zoom
Tina Keele, guest from Russo Insurance Agency
Bettsi Ledesma, First Services

1. Meeting is primarily for the purpose of having Tina Keele present the basics regarding hazard and flood insurance.
2. Hazard Insurance:
 - A. Due October 1, 2022.
 - B. Rates are turbulent, but Farmer's has offered a renewal proposal for building, liability, employee dishonesty coverage, employment Practice Liability, Directors and Officers Liability Coverage, worker's comp and umbrella coverage. This year's premium was \$109,714; proposed premium is \$150,699. Please see attached renewal offer.
 - C. Although a \$10,000 deductible per claim is standard, you can raise the deductible to \$25,000 and reduce the premium by \$12,291. Committee recommends that Employment Practice Liability also be eliminated, since First Service is the employer. This will save an additional \$2,000.
 - D. If part of the deductible is passed on to the individual owner, the owner's HO6 insurance may cover that if the policy is correctly set up.
 - E. Worker's comp does include volunteer injuries.
3. Flood Insurance:
 - A. Due December 2022.
 - B. Flood 2.0 offers standardized coverage limits. Tina will look at the various levels.
 - C. Committee members raise concern: what happens if a person has a claim and complains that the coverage limits are too low, as established by the HOA? Is there potential liability?
 - D. General discussion about what happens if some people have flood insurance and others do not. How is this handled?
 - E. Tina is not sure if outside structure is covered under 2.0. She will check. (Tina later checks, and reports that it is.)
 - F. What are the options for content coverage limits? Tina will check.
4. Board to meet on Sep 28th to offer recommendation to the board about hazard insurance. Will likely include \$25,000 deductible and no Employment Practice Liability coverage to save on the premium.
5. Tina will prepare scenarios for the committee to look at and possibly offer as handout to homeowners. The scenarios would suggest claims under different conditions, and would suggest how insurance coverage works under each of those conditions.

6. Committee would like to do an insurance forum. Casey can attend to answer questions for owners who have mortgage lender concerns. Nancy will work with outreach committee to establish a date. May have to be in January.

6:45 p.m end of meeting. Next meeting is scheduled for October 11, 2022.

Nepenthe Association - Flood 2.0

Quote Effective as of 9/14/22 - Premium valid for 30-days

| Building # | Address | Building | Contents | Deductible | 2.0 Premium |
|------------|---------------------------|-----------|-----------|------------|-------------|
| 1 | 1 Adelphi Court | \$250,000 | \$100,000 | \$2,000 | \$681 |
| 35 | 2300 American River Drive | \$250,000 | \$100,000 | \$2,000 | \$673 |
| 46 | 1 Colby Court | \$250,000 | \$100,000 | \$2,000 | \$601 |
| 64 | 1033 Commons Drive | \$250,000 | \$100,000 | \$2,000 | \$624 |
| 143 | 100 Dunbarton Circle | \$250,000 | \$100,000 | \$2,000 | \$597 |
| 282 | 100 Elmhurst Circle | \$250,000 | \$100,000 | \$2,000 | \$611 |
| 384 | 2232 Swarthmore Drive | \$250,000 | \$100,000 | \$2,000 | \$574 |
| 454 | 1425 University Avenue | \$250,000 | \$100,000 | \$2,000 | \$518 |
| 493 | 1146 Vanderbilt Way | \$250,000 | \$100,000 | \$2,000 | \$568 |

Program Coverage Options **1 Adelphi Ct - Test Address**

| | Building Limit | Contents | Premium |
|-------------------------------------|------------------|------------------|--------------|
| <input type="checkbox"/> | \$20,000 | \$8,000 | \$393 |
| <input type="checkbox"/> | \$30,000 | \$12,000 | \$430 |
| <input type="checkbox"/> | \$50,000 | \$20,000 | \$480 |
| <input type="checkbox"/> | \$75,000 | \$30,000 | \$524 |
| <input type="checkbox"/> | \$100,000 | \$40,000 | \$557 |
| <input type="checkbox"/> | \$125,000 | \$50,000 | \$585 |
| <input type="checkbox"/> | \$150,000 | \$60,000 | \$610 |
| <input type="checkbox"/> | \$200,000 | \$80,000 | \$650 |
| <input type="checkbox"/> | \$250,000 | \$100,000 | \$681 |
| <input type="checkbox"/> | \$250,000 | \$100,000 | \$658 |
| <input checked="" type="checkbox"/> | \$250,000 | \$100,000 | \$640 |

Program MAXIMUM limits

ILS Committee - Nepenthe Flood Insurance Recommendation

As of 2022, there are now multiple insurance carriers offering flood insurance with multiple coverage limits, deductibles, options and premiums. In addition, terms and conditions of the policies as well as exclusions can vary between carriers. This creates a significant liability exposure for Nepenthe that did not exist when the only coverage available was thru NFIP.

Determining the correct limits for homeowners is impossible since some homeowners need significant more coverage than others especially when it comes to contents; i.e. jewelry, fine art, antiques, business property within the home, etc. Interior improvements also vary. Coverages like additional living expense or Increased Cost of Compliance due to current building laws may or may not be provided depending on the carrier.

Costs for units significantly differs too based on where they are located within Nepenthe making it difficult to fairly distribute the cost between residents. See sample quotes attached.

Managing all of these variations is impossible for First Residential. In addition, neither they nor Nepenthe hold a legal license for these matters so have no E & O protection for any costly mistakes. These matters need to be transacted between an Insurance Broker and the individual homeowners.

Finally, Nepenthe's CC&R's do not require flood insurance be provided by the association. It states that coverage be provided only if it can be obtained at a reasonable price. The cost for flood insurance has doubled since 2011 making it a significant expense. Transferring this risk to the homeowners would reduce current dues about \$ 47 a month.

While we all believe flood insurance is important due to proximity to the river, the majority of the ILS committee recommends the purchase of flood insurance be transferred to the individual homeowners for the reasons stated above. Our broker, Russo Insurance Agency can help residents on an individual basis as their current policies renew, mostly in December 2022.