

# Tangerine Bay Club Association Inc.,

A Not-For-Profit Corporation

## Minutes of The Meeting of The Board of Directors

Friday, April 28, 2023

**A scheduled meeting of the Board of Directors** was held via the Zoom online platform on April 28, 2023

**The meeting was called to order** at 2:08pm by the President, Clare Villari.

**A quorum was established.** All Board Members were present in the online meeting along with General Manager Michael Canacari.

**Proof of notice was posted** per Association Bylaws and Florida Statutes 718.

### Board Actions:

- 1. Minutes of prior scheduled meetings** – no comments. **Motion to approve minutes** of the March 1, 2023 meeting made by Karen Wiltsie and seconded by Dave Van Ess. All approved. **Motion to approve minutes** of the March 24 Board Organizational Meeting made by Dave Van Ess and seconded by Andy Schaer. All approved. Minutes to be posted.
- 2. Annual Insurance Discussion and Approval** – The Association’s insurance agent from GulfShore Insurance, Joe Thompson, was in attendance. Clare thanked owners for attending the recent Insurance Town Hall meetings to learn about the 2023 insurance renewal situation and prepare for today’s discussion.

Clare first reviewed the aggregate pricing received on the Association’s ancillary policies: approximately \$29,300 vs. \$22,700 last year, with the primary increase attributable to the Comprehensive Liability Package. Clare highlighted the Umbrella Liability Policy, which was renewed for the same coverage, \$50M, at the same price as last year.

Next Clare moved to the deductibles offered on the Association’s Property Insurance policy and their pricing. Deductibles offered were 5%, 7.5%, and 10%. The 2022 expiring policy has a 3% deductible but carriers are not writing 3% deductibles this year. Clare presented a chart that showed owners’ increased self-insurance at each deductible level based on the Association’s total insurable replacement cost of ~\$70M vs. the premium savings to owners at each deductible level.

<u>Deductible %</u>	<u>Deductible/Unit</u>	<u>Qtly Premium Savings/Unit vs. 5%</u>
5%	\$39,315	
7.5%	\$58,973	\$117
10%	\$78,631	\$204

The conclusion of Board Members and Insurance Committee Members was that the savings per Unit was not enough to compensate each owner for the higher self-insurance exposure of the deductible. A few owners offered comments in support of that position.

Clare then asked Joe Thompson to present the options and pricing for the Wind and ex-Wind (i.e., all other perils) parts of the Property policy. On Wind for Named Storms, the primary layer offered remained at \$5M but the price doubled from last year. Four additional carriers offered to

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provide layers of insurance for all perils, including Wind from Named Storms, above the primary layer up to \$20M at an aggregate premium of \$1,255,000 vs. the expiring policy that covered \$53M, all perils, for \$699,000. In recent weeks, Clare discussed with Joe Thompson and the Association's General Counsel, Cindy Hill, the Association's ability to put a Loss Limit on one peril (Named Storms) if that was offered and conveyed that information to Board Members and Insurance Committee Members. The Board, the Insurance Committee, and owners who attended the recent Insurance Town Hall meetings were in favor of the Loss Limit on Named Storms. The price for the \$20M of coverage was so astronomical that Joe did not present pricing for additional risk layers above \$20M, given the prior discussion he had with us and Cindy Hill about Loss Limits. Discussion ensued among Board Members and Insurance Committee Members which concluded in agreement that based upon the Association's experience with Hurricane Ian, examples of other associations' experiences in Ian, as well as various scenarios of damage more extensive than that caused by Hurricane Ian, it was prudent to accept the Loss Limit of \$20M on Named Storms.

A few owners asked questions and made comments, all of which were supportive of the Loss Limit approach. One owner suggested – for the future – we explore what impact a Self-Insured Retention component (SIR) would have on our premium. It was explained that an SIR would require a large upfront payment by each owner into a segregated fund that would be saved for some future extraordinary casualty event. Clare reminded all that the Board's position remains that owners' monies are best kept in owners' investment accounts rather than collected by the Association to fund an unknown event at a future unknown time. Nonetheless, Clare agreed to look into the SIR option for consideration in future years.

Lastly, Joe presented the pricing for insurance coverage for other perils excluding Named Storms ("ex-Wind") at the level of total insurable replacement value, i.e., adding \$50M of coverage above the Loss Limit of \$20M for Named Storms and other perils.

In total, for the Wind, ex-Wind, and Ancillary policies, the 2023-24 annual premium will be approximately \$1,515,000, an increase of over 100% vs. 2022-23.

**A Motion** was made by Dave Van Ess to bind the insurance coverage as presented: Ancillary policies at an aggregate premium of approximately \$29,700, Wind from Named Storms with a Loss Limit at \$20M for approximately \$1,255,000, ex-Wind at total insurable replacement cost of \$70M for approximately \$230K. The total renewal premium will be approximately \$1,515,000. The Motion was seconded by Karen Wiltsie. All Board Members were in favor. None opposed. The Motion passed unanimously.

**Motion to adjourn** meeting was made by Jim Curtis and seconded by Dave Van Ess. Meeting adjourned at 3:43PM.

Clare Villari, President, Tangerine Bay Club Association Inc. Board of Directors