

**CRECIENTE CONDOMINIUM ASSOCIATION  
MEETING OF INSURANCE COMMITTEE**

Date of Meeting: January 22, 2007  
Time of Meeting: 12:00 noon  
Place of Meeting: Creciente Community Room  
7150 Estero Blvd  
Fort Myers Beach, FL 33931

**Agenda Minutes**

**Roll Call:**

In attendance were the following members: Chairperson Mary Beth Marino; John Dalton; Rick LaMacchio; Fred Travis; and Gary Diffin.

Also attending was Laverne Wicks of Brown & Brown Insurance Company

**Review minutes of previous meeting:**

The last committee meeting was held on December 29, 2006 whereby Laverne Wicks, agent from Brown and Brown Insurance Company, presented the committee with the costs for renewal of the Associations existing insurance policies. At this meeting the committee authorized the renewal of insurance and Vice President Carpenter signed the renewal paperwork.

**Review Current Insurance Policies:**

Laverne Wicks, Executive Vice President of Brown & Brown Insurance Company was present and reviewed the following Associations Insurance policies and costs; Fire & Casualty (Property); Liability; Boiler & Machinery; Flood; Wind; Director's Liability; Workmen's Compensation; Umbrella Policy; and Employee Health Insurance Policy

The minimum deductible for wind insurance is 3% of the appraisal value of the Association's property. Based on the Association's current property appraisal, the deductible would be approximately \$900,000. The committee generally felt that raising that deductible to a percentage higher than three would not be prudent.

The committee reviewed two informational articles written by attorney Joe Adams on the topics:

*Ensuring Adequate Insurance; and  
Self-Insure Option Has Challenges*

**Mitigation Results:**

Last fall, the Association completed a Mitigation process that involved a professional coming to assess each of the Creciente buildings to determine whether or not they qualified for insurance premium discounts due to the specific construction details of each building. Cost for this service was approximately \$1,800. The results of this process awarded the Association with four of seven discounts available. The exact cost of the premium reduction is not available at this time, but it is safe to say that thousands of dollars were saved by this relatively minor expenditure.

Since this mitigation report may be performed to reduce insurance costs for individual unit owners as well, the committee agreed that an informational memorandum should be developed and sent to unit owners in the Association's next general mailing.

### **Review Current Bonds:**

Article 5.7 of the Creciente Condominium Association Bylaws states - that the Association must purchase fidelity/surety bonds for the President, Secretary, Treasurer and all other persons who are authorized to sign checks. Mr. Laverne Wicks assured the committee that all Board authorized signers are covered by the association's liability insurance.

The committee recommended that the Finance Committee review the Association's Internal Controls to minimize the risk of theft.

Though the Association does not have any current performance bonds in effect, the committee generally felt that a recommended policy for the full Board to consider be as follows:

A Performance Bond should be considered for any contract exceeding \$50,000 entered into by the Board of Directors.

### **Review current Insurance Law:**

The Condominium Act requires condominium unit owners to obtain individual insurance policies for those items not covered under the association's master policy. The Committee reviewed an article written by Joe Adams entitled *Condo Act Requires Insurance*. Attorney Joe Adams legal opinion is "...an association can, and probably should, legislate individual insurance requirements through appropriate provisions in the declaration of condominium".

The Insurance Committee recommends that the Board of Directors consider amending the declaration to specify unit owners' insurance obligations, and include the consequences for non-compliance.

In response to an inquiry, it was determined that the Manager's Unit owned by the Association is covered by the general property insurance policy.

### **Review Inventory Control:**

A listing of the current inventory of the Creciente Condominium Association is not readily available for review. It is important that the insurance committee have a list of capital assets owned by the Association to include in the property insurance file. The committee recommends that the Board of Directors request either the Insurance Committee or the Building & Grounds Committee to develop an Inventory Listing.

### **Committee Responsibility/Authority:**

The committee reviewed a "draft" resolution that defines the roles and responsibilities of the Insurance Committee. Since there is no written direction from the Board of Directors on file, it is recommended that the Board of Directors consider at its next regular meeting the **attached** resolution:

### **Management Responsibilities on Insurance Items:**

The committee generally felt it was vital to develop a list of managerial functions to follow to insure that the Association insurance needs are met. Examples include; a) the procedure used when an insurance claim event occurs; b) an updated file of "Certificates of Insurability" for all vendors used by the association; c) an updated vendor list to distribute to Unit Owners upon request; d) updated insurance claims file; etc. Individual committee members will work on an office procedure for committee presentation at a later date.

### **10: Open Communication**

There were no additional comments or discussion from Unit Owners.

Committee Members Travis and LaMacchio agreed to explore insurance plans available for volunteer labor and report back to the whole committee at the next meeting.

The next Insurance Committee Meeting will be scheduled after the February Board of Directors meeting.

**Summary of Recommendations to the Board of Directors:**

- The Committee recommends that the attached resolution that defines the roles and responsibilities of the Insurance Committee be adopted.
- The Committee recommends that a Performance Bond be considered for any contract exceeding \$50,000 entered into by the Board of Directors
- The Committee recommends that the Board of Directors consider amending the declaration to specify unit owners' insurance obligations, and include the consequences for non-compliance.
- The Committee recommends that the Finance Committee review the Association's Internal Controls to minimize the risk of theft.
- The Committee recommends that the Board of Directors request either the Insurance Committee or the Building & Grounds Committee to develop an Inventory Listing.

**The committee Adjourned at 2:33 p.m.**