

Spanish main Yacht Club Board Meeting
January 24th, 2023
In-Person at the clubhouse and via Zoom

All Board members were in attendance: President Joan Sherry, Vice President Mike BlankenBecler, Treasurer Margaret Dugan (via Zoom), Director Gene Brown and Director Eric Gietl.

Call to Order:

President Joan Sherry called meeting to order at 10:02 A.M.

Proof of notice of meeting:

President Sherry noted (and confirmed by Judy Hoover) that the notice of meeting was posted and emailed as required, and that Zoom instructions were emailed prior to the meeting.

President Sherry noted the minutes from 1/20/23 meeting are recently prepared and under review, and will be published shortly.

Hurricane Ian Update:

President Sherry briefly described the overall impact to our community and praised the storm committee and other volunteers for the many hours of their time both in the period before the storm and in the aftermath.

President Sherry presented on-screen a report that summarized the costs to the community of the damage and repair costs to be paid by the association – the total being \$63,179.34. Seawall repair and damage to one villa are still under investigation and therefore not included in this total. The breakdown is as follows: tree removal \$6,300, stump removal \$400, emergency services (tarps, assessments, etc.) \$8,750, golf net repair \$160.48, pool hardware \$2,766.56, marina pilings \$3,167, misc. supplies \$264.85, villa damage to be reimbursed to owners \$41,370.45.

The total of \$63,179.34 (per villa amount is \$298.02) will result in a Special “Hurricane Ian” Assessment to owners, so the required notice will be posted and a meeting will be held on the assessment. It was noted that if the one villa damage is determined shortly that it will be included in the assessment. There will be a second assessment in the future once the cost of the seawall repair is determined, but we do not want to delay any further the reimbursements to owners. It was noted that since the total amount was under our \$100,000 deductible amount on our insurance policy, it is totally out of pocket for the association.

Tom Freiwald presented the status of the seawall repair: we are awaiting the engineer’s report which should be available soon, and we will then obtain an estimate of the cost – which he commented, that based on the similar repairs from hurricane Irma, should be less than the \$80,000 cost of Irma’s repairs. Tom indicated that FEMA does not provide funds for seawall repair, however the U.S. Small Business Administration has a low interest loan program for seawall repair.

Insurance – inspection status:

President Sherry presented that per the board decision on January 20th all villas must have a Wind Mitigation inspection that is less than 5 years old. The office has been tracking all inspections on file and will be updating its records as the inspections are completed. If owners have inspections not on file with the office, they should provide them to reduce the cost. The association requested bids for

the inspections and contracted with the lowest bidder. The wind and roof inspections will be done February 1st and 2nd. The cost of the inspections will be billed to the owners, and they will be provided a copy of the reports so they can possibly get credits on their personal insurance policies. The costs are \$85 for the wind mitigation inspection, \$85 for the roof condition inspection, or \$140 combined if both are done.

Insurance – 2023 update presentation – Brown & Brown Agent Mike Angers:

Mike Angers gave a presentation on our insurance program – he included the unique challenges we face in obtaining coverage, the program we had in place last year, and an update on our program this year. Highlights are as follows:

SMYC risk profile: 212 villa style units on grade, construction greater than 40 yrs. old, tile and flat roofs of which 55 are between 15 to 20 years old and 12 are over 20 yrs. old, barrier island with highest flood risk zone, not FEMA compliant, 1 current roof certificate and 21 current wind mitigation certificates.

During the presentation President Sherry noted that SMYC changed its Bylaws about 2 years ago, implementing a rule that roofs cannot be more than 20 years old so as to make SMYC insurable because many carriers are not considering properties with roofs over 20 years old. We are working diligently towards achieving that goal.

Brown & Brown is the largest writer of condo insurance in Florida, and they have access to every single carrier in Florida writing condo insurance. Each year Mike seeks quotes from all the carriers; however, the marketplace now only has a few carriers in Florida, and even fewer willing to consider SMYC.

Florida has a state pool for insurance coverage as a last resort – that pool is Citizens. SMYC has been in the pool a few times in the past (2005-2006, 2012-2014, and now) – we go into and out of the pool as dictated by premiums of private carriers. A condominium association cannot get into the pool (Citizens) unless other available carrier's premiums are 15% higher than Citizens.

SMYC will probably be with Citizens for the next couple of years because of the high premiums charged by the few remaining private carriers, however Citizens is now putting tough new guidelines in place that were not there before – such as requiring new roof inspection certificates and wind mitigation reports.

Last year SMYC had a layered program using 11 different carriers to insure our old value of \$47 million. This was the most competitive program with premiums less than Citizens. Because of an updated appraisal, and by FL Statute, SMYC required another \$6 million of coverage and the layered carriers refused to cover this – resulting in SMYC using Citizens in April 2022 to cover this additional amount.

This year the premium rates with the few remaining private carriers have nearly tripled, therefore SMYC is moving coverage to Citizens because the premium rate is less than the private carriers. However, now Citizens is requiring new wind mitigation certificates (it did not before now) so SMYC has until April to obtain the new certificates. Mike made it clear that SMYC was receiving the wind mitigation credits last year from the private carriers and also Citizens under prior requirements but now must obtain new certificates to receive the same credits this year. SMYC did not miss out on credits in prior years.

Carriers are now refusing to consider condos with roofs older than 20 years – some carriers even being at 12 years old. Mike talked to 6 prominent carriers and the results were: 1 carrier was at 20 years, 2 carriers were at 15 years, and the others were at 12-15 years. A group of residents insist that Citizens will accept roofs 50 years old that meet an inspection – Mike rejected this opinion and also advised that even if Citizens were to accept a roof over 20 years old then in a couple of years when private carriers become more competitive, they will reject the older roofs as they are doing now.

This year SMYC has Citizens, plus 6 carriers in a layered program - since Citizens is rejecting about \$13 million in coverage. Of the 30 carriers writing in Florida 23 declined to participate, leaving only the 6 in the \$13 million layered program.

The things SMYC can do to get a lower premium: reduce the number of roofs over 20 years old and increase the number of positive wind mitigation and roof inspections. SMYC cannot increase the deductible to reduce the premium – we are at the maximum amount allowed by law of 5%.

Insurance – Q&A – Mike Angers:

Question from resident: should we be insuring for fair market value? Answer: no. We insure for value of the structure – not the land. The insured value is \$235k for single villas and \$468k for duplex villas (combined).

Question: Did you say that our premium tripled in cost this year? Answer: The premium on the \$13 million of layered coverage that Citizens has not taken has tripled, but our net increase overall including the Citizens portion is about a 36% increase over last year. We still have until April to obtain as many new inspections as we can to reduce this increase.

Question: It seems you (Mike) did not want to do all the work last year to use Citizens, and the program we had in place was easier and less work? Answer: He did go to Citizens last year, but their premium was 10% higher than the layered program. Additionally, Citizens guideline is that they must be 15% lower than our layered program. Thus, why would we pay a higher premium and we also could not use Citizens per their guidelines because their premium was higher – not lower.

Question (to Treasurer Dugan): Why would we need to borrow from reserve fund to pay the premium? Answer: Because of the timing of our cash flows – we must pay the biggest bill of the year before we have collected all twelve months of our fees. We then repay the reserve fund as soon as possible as we collect fees the rest of the year. The other option is to do a special assessment now, rather than borrow temporarily from the reserve fund.

Question: Contractors tell homeowners the roof will last 50 years, but insurance companies won't insure roofs for more than 20 years? Answer: Eric Gietl talked with Shue Kauffman who indicated that of roofs replaced outside of SMYC about 40% are driven by the insurance companies, and he did not believe tile roofs last 50 years.

Question: can we look into metal roofs? Answer: The board has an interest in taking this up in the future when we have more data. Mike will reach out to carriers and let us know how insurers are accepting them.

Question: a group of residents is being told by Citizens that if a roof less than 20 years old is inspected and accepted into Citizens portfolio that it does not need to be replaced within 5 years

even if it becomes older than 20 years. If that same (older than 20 years) roof passed another inspection within 5 years, then it does not need to be replaced for another 5 years. And so on, until it does not pass an inspection. Is this true? Answer: With all insurers, the underwriting requirements are the same for properties inside their portfolio as it is outside (or before it goes into) their portfolio – so the information the group is getting must be for a different type of coverage (such as a homeowners versus condominium coverage). The group is not clear if the information they are getting is for condo associations, and Mike is advising us that in actual cases he is involved with, that Citizens is not renewing coverage on roofs older than 20 years even though the roofs are already in their portfolio. More information will be obtained to reconcile this difference in advice.

Question: What is the premium estimate this year? Answer: \$2.28 million as of today, and we should be able to reduce this with many favorable inspections.

Question: A resident was advised by the FL Dept. of Insurance that a renewal policy must be presented to an association 45 days prior to expiration of the old policy? Answer: Mike said that is not a rule in Florida – under perfect conditions insurers present renewals in less than 30 days. More information will be obtained to reconcile the advice given to the resident.

Insurance – Actions taken:

Diligently working to achieve the goal of compliance with our rule that roofs cannot be older than 20 years.

Contracted with an inspection company at a discounted group fee to perform inspections now required by Citizens – the inspections are scheduled for February 1st and 2nd.

Engage a potential new agency to review our insurance program, with initial meeting and review deferred to March per their availability. The agency advised us that due to the market conditions we would not likely find better rates, and that they also have access to all possible carriers in Florida.

Held introductory meeting with GCM Insurance Agency, and received a high-level estimate (Citizens).

Note: prior board had reached out to two agencies in 2020 – after evaluation one agency could not save SMYC on the premium, and the other agency did not respond.

Key dates / upcoming initiatives:

Proxy vote Membership Meeting February 7th.

Budget Workshop February 8th.

Communication initiative and committee effort to update needed information on villa owners such as contact information, and will consolidate and automate other basic villa information that the office either already has in different databases or does not have.

Adjourn:

President Joan Sherry adjourned the meeting at 12:06 P.M.

Respectfully submitted,
Mike BlankenBecler, V.P.
Board of Directors