

## **MARCH 2022 MONTHLY REPORT**

### **SPECIAL REPORT ON INSURANCE IN RELATION TO THE ASSOCIATION AND TO THE OWNERS OWN INSURANCE COVERAGE AND COST.**

Insurance is an area of great concern not only for the Association costs but also for our owners' limited alternatives and costs.

#### **1. THE ASSOCIATION INSURANCE**

Our Association insurance coverage runs from May 1<sup>st</sup> to April 31<sup>st</sup>, negotiations take place in April. For the past couple of years insurance costs are simply increasing and it is not different this year. It is compounded by the inflation of building costs, latest numerous claims like the building collapse or water claims, the reinsurance market, the legal activities on past review of claims, abusive claims, none of this involves Waterside, but we pay the price.

Finally, the reduced competition as many insurance companies has either left or reduced their operations in the Florida market, not counting the great number of insurance companies that saw their operation permit revoked by the State.

The Association's general liabilities insurance provider has notified us that they will not serve Waterside anymore, they have substantially reduced their number of customer accounts or they have simply left the Florida market. Our broker is looking for an alternative to Philadelphia Insurance Company which had a rating of A++, let's hope we can find a similar rated company as a replacement. The cost for that policy was \$47,146.00.

Our total cost in the fiscal year 2020/2021 was \$309,800.00 then in 2021/2022 it jumped to \$373,100.00 or a 20.4% increase. For the current budget year, we did use a 20% increase bringing the budget to \$450,000.00. In January 2022 we forecasted a total year's cost of \$466,200.00 and the February forecast will show an expected insurance cost of \$485,000.00 equivalent to an increase of 30% compared to last year's actual cost of \$373,100.00.

Please view the comments when we release the February financial report, inclusive of an updated forecast, you will notice that something needs to be cut back on our investment projects for the year in order to pay for the insurance overrun, and there is also a substantial INCREASE in the Garbage and Recycling cost center.

If the increase is 25%, it will mean a total insurance cost of \$606,000.00 or a monthly increase of \$24.53, just for that item, the total monthly cost just for insurance will be \$122.87.

#### **2. OUR OWNER'S INSURANCE**

News is not more favorable for the owner's insurance, mainly so far for our snowbirds, some have received quotes that double what they have paid last year. There is limited number of

insurance companies that are offering coverage in Florida and for the wind we end-up with Citizens which is the insurance of last resort and it is costly.

The latest confusion comes from our roof where the resurfacing dates back to 2005, so some insurance companies want to reject because they say it is too old. **IT IS NOT THE CASE, OUR SHINGLES WERE WARRENTED FOR 40 YEARS, AND WE USE FOR OUR RESERVE CALCULATION, 25 YEARS. ON TOP, OUR SHINGLES ARE 18 1/2 INCHES WIDE THAT ALLOW FOR A THREE (3) LEVEL/ROW OF SHINGLES, NOT THE STANDARD 12 1/4 INCH WHICH CREATES A TWO (2) LEVEL/ROW OF SHINGLES.**

**This is clearly visible in the specification section of the attached document.**

Just for your information, take a look at the postal kiosk roof which is only a standard two (2) row and a condo/town house building and you will appreciate the difference. Since 2005 we have not even used two packs of shingles to repair our roofs and when there is need for repair it is around the vent pipe or attic vent.

**THE INSPECTOR NOR THE MAIN BROKER PROVIDER DOES RECOGNIZE SUCH, BECAUSE THE STANDARD QUESTIONNAIRE FORM THAT THEY NEED TO FILL ONLY REQUESTS THE YEAR THE ROOF WAS DONE, NO OTHER COMMENTS CAN BE INSERTED OR PRESENTED AS AN ATTACHEMENT. ITS LIKE DO IT CHEAP, BUT DO IT FREQUENTLY.**

We attached for your reference the permit and the specifications that were issued when Waterside did redo the roof in 2004/2005. **We contacted the main inspector involved and explained the situation, here is an extract from his email,**

*“US inspectors can only use the forms that the carriers will accept. The inspection forms do not take into account any warranties, types of shingles, tiles, etc. The insurance carriers only want the date of installation, and if they are nailed and strapped down properly. There’s nowhere on the form to add additional info on warranties, and quality of roofs. There’s no credits/discounts available for warranties or quality of the roofing materials. The wind mitigation form is just an inspection form that contains 7 possible credits/discounts that the client could qualify for. Waterside Village residents are all qualifying for the roof discounts already - roof age, roof deck attachment, roof to wall attachments. There are no other roofing discounts to qualify for.*

*The problem isn’t just in Waterside Village. The state of Florida approved huge price increases for insurers to pass on to consumers, and many people are seeing year after year premium increases of 30 - 40% over the previous year. The insurance industry is a mess down here in South Florida and most insurers are trying to leave the state due to so much fraud in the market, and that leads to less carriers and higher rates for all.”*

Thanks for reading and make sure you read the next financial report and the revised forecast.

Andre Mongrain, President

Stacey Casey, Property Manager      March 13, 2022