

**Cowpet Bay West
Board of Directors Special Meeting
March 26, 2012**

Present: Ed Wardwell, Rosie Wells, Max Harcourt, Sharon Koehler, Herb Horwitz, Doug Rebak, Jon Cassady, Louanne Schechter

7:48 AM Ed Wardwell called the special meeting to order. The purpose of the meeting is to hear the presentation of the insurance committee. Ed turned the meeting over to Doug Rebak, chair of the insurance committee.

Doug emailed a copy of the process and recommendations from the Insurance Committee to the Board members on Saturday for their review prior to the meeting. The following is the outline provided by Doug.

The Insurance Committee of Doug Rebak, Herb Horwitz and Bob Cockayne was charged by our President. Ed Wardwell, with the task of making a recommendation to the Board that would insure our renewal at a more competitive time slot (Q 1) at a cost savings from our current policy of \$272,125.

THE PROCESS

-Seven Companies were invited to bid on a specific spec sheet of our needs.

-Six of the seven responded to our phone request (Red Hook Agency did not)

-Of the 6 that responded, 2 declined to bid (Marshall and Sterling and Guardian)

-Of the 4 remaining, the 2 that broker through Lloyds (Executive and Topa) were \$60,000 and \$40,000 more than the

Remaining 2: (Mapfre and Tunick).

SELECTION PROCESS

-Both companies were aggressive in their bidding.

-Each of the 2 companies presented multiple alternatives, ranging from full coverage to various sub-limits on windstorm.

-Each included an agreed value alternative of \$25,916,000 with a 80% co- insurance clause, thus providing coverage up to \$20,733,000 for all perils except windstorm. The committee felt this offered the best value for the given risk.

- Tunicks' proposal was approximately \$21,000 lower than

Mapfre. \$206,000 vs. \$227,000.-Mapfre however offered some significant advantages over Tunick including:

- 2% vs. 3% deductible on the \$2million windstorm sub-limit. Tunick could not match the 2% when requested.
- Mapfre policy covers all cabinets and non-removable fixture such as tubs, tiles, toilets and sinks. (a value of over \$20,000)in savings to our owners in HO 6 policy premiums.
- the savings of \$8,000 for an early cancellation fee.
- Flood and tsunami sublimit coverage of \$4 million with a \$10,000 deductible vs. \$25,916,000 coverage with a \$750,000, (3%) deductible.
- Tunick did offer the advantage of a 3% vs. 5% deductible on Earthquake, which Mapfre (5%) could not match when requested.

RECOMMENDATION

- The committee felt that the 80% co-insurance alternative provided the best value of the alternatives presented without putting the Association at any risk of a co-insurance penalty, given the fact that a bonafide assessment of property values was provided to the insurers.

-Based on all of the above the Committee's recommendation is to select Mapfre for annual renewal on April 1, 2012.

- This will yield an annual cost savings to the Association of \$45,000, if approved by the Board for the April 1, 2012 rewrite.

-Once approved a formal "comfort letter" will be delivered to the Association, spelling out in clear layman's terms exactly what is agreed to by Mapfre, so that there can be no misunderstanding on our coverage.

-Mapfre has also agreed to provide a minimum of 20% discount on all HO-6 policies for our Association members.

Doug also stated there would be no cancellation penalty if we stayed with Mapfre. Herb said that there would be only a \$250 deductible on all other perils with Mapfre and that we would be covered with theft.

Doug's recommendation is to pay the policy in one lump sum. Sharon stated that previous policies have been purchased on a 90 day payment. Doug said he would try to get a 30-60-90 day payment if possible.

Doug will write a "comfort" letter that explains the policy in plain English and have Mapfre sign off on the letter.

Doug stated that Mapfre is now offering HO-6 policies and owners would realize a minimum of 20% savings if the property is insured with Mapfre.

Sharon stated that a resolution to borrow the funds from our reserve would be required.

Doug made a motion to approve the Mapfre bid as spelled out in the "comfort letter", Herb 2nd, all were in favor.

Doug will draft a letter for the owners explaining the policy.

Jon asked for clarification on the betterments. Herb stated that each event would be negotiated and pro-rated according to the claim.

Mapfre representatives will be on island April 2nd, to present the policy.

Ed thanked the Insurance Committee for their splendid work.

Other Business

Security: Sharon asked if the golf cart could be used by the security guards to patrol the property. Ed suggested the cart be labelled with a CBW logo.

Executive Session Minutes: Sharon asked who is keeping them. Ed stated he has them in his possession and will share them with Board members in Executive Session.

Security Guards: A guard was observed sleeping during his shift on 2 separate occasions. Jon stated recently the company fired one of the guards. Jon said the Security Company has been responsive anytime we have had an issue on property and continues to be attentive to our needs.

Trespassing: Jon explained someone that is suspicious should be stopped by the police, told they are trespassing, and be given a warning that they do not belong on property and will be arrested if they return. Should they return, the police would be able to arrest them on trespassing.

Meeting was adjourned. Louanne and Jon were excused. The Directors went to Executive Session.