

INSURANCE POLICIES AND THE \$500 ASSESSMENT

As per our 12/8/22 Newsletter, no insurance monies have been received as yet in spite of the Adjuster requesting an initial payment of \$300,000 two months ago to fund initial cleanup, and securing and stabilization of the building. Stabilization in this case means drying out the moisture-soaked units and then maintaining humidity levels below 60% in order to prevent a “mold bloom” from occurring in any of the units.

Wind Storm Insurance: We have a Wind Insurance Policy with \$6.4 million dollars coverage. The deductible is \$319,000 and co-insurance is 80%. Our insurance agent has indicated that the co-insurance should not kick-in because the building is insured for the appraised replacement value. The best-case scenario is that our Association’s out-of-pocket cost is the \$319,000 if all of our wind damage above that amount is covered. We won’t know that until the insurance company has proposed a settlement. An independent adjustment team (www.pilotcat.com) hired by our carrier (www.frontlineinsurance.com) has inspected the building multiple times since Ian and submitted detailed reports (which have not been shared with us) on the damages attributed to wind. Frontline then had an independent structural engineer inspect the building to confirm or dispute their findings. Neither our adjusters, our insurance agent, nor us have yet to see the engineer’s report. We met with a senior executive in charge of adjuster team on 12/5 who took a quick tour of Marina Village. He said he would return for more comprehensive inspection if needed, and would get the structural engineer’s report asap. That meeting was only two days ago as of this writing and we’re waiting to hear back. I will be reaching out to him on 12/12. The coverage summary of our wind insurance is below. The full policy is available for review under the 2023 Annual Letter tab.

Flood Insurance: We learned after Hurricane Charley in 2004 that flood insurance for a condominium is limited in scope. We filed a claim for damage to the office, elevator, maintenance room and pool bathrooms only to learn that the not only wasn’t it covered, but it was less than the deductible to boot! It only covered the residential units for flood waters, and since our 301-305 units are 18 feet above ground level and 23 feet above mean high tide, any damage to the residential units will be due to wind and not water. We continued to carry flood insurance for 5 more years because the premium was only \$5,000, creeping up to \$8,000. When the renewal premium for 2010 jumped to \$28,000, roughly equal to our other 7 policies combined, the Board voted unanimously not to renew it. Our total bill for insurance premiums has almost doubled since then and the flood insurance still wouldn’t cover the first floor damage. Harbor House Condominium across the street from us, and Boardwalk Caper Condominium, located next to Pincher’s, learned the same lesson this year that their flood insurance doesn’t cover the ground floor. A whole lot of condos are having a reality check this year concerning flood insurance coverage.

WHAT IS THE \$500 ASSESSMENT FOR AND IS IT GOING TO BE THE ONLY ONE THIS YEAR?

With 1,300 unit-weeks, this assessment totals \$650,000. With the wind insurance deductible at \$319,000, and assuming the co-pay is not charged, it leaves \$331,000 for uninsured damages. This includes the office, the maintenance room, beach room and pool bathrooms, the pool filtration system, railings and furniture, elevator mechanical equipment, picnic area, bicycles, etc. and the initial clean up expense (www.bmscat.com). While I don't think it will cover everything needed to get us back to where we were before the hurricane, I'm thinking optimistically that it might only be a small assessment above that. That being said, we don't know what the outcome with the insurance is at this time. We're deep in the process of working with contractors and suppliers to determine what the total cost will be. In the meantime, we're finalizing and placing orders for items like the patio sliders and entry doors that have long lead times so they won't hold us up.

COMMERCIAL WIND

Company	Eff Date	Exp Date
Frontline Insurance Company	5/7/2022	5/7/2023

COVERAGE OUTLINE

Subject			Amount	Val	Co-Ins %	Cause of Loss	Ded
Loc #: 1	Bldg #: 1	645 Old San Carlos Blvd • Fort Myers Beach, FL 33931					
Building - Condo			\$5,648,000	R	80%	Windstorm	\$282,400
Contents			\$300,000	A	80%	Windstorm	\$15,000
Loc #: 1	Bldg #: 2	645 Old San Carlos Blvd • Fort Myers Beach, FL 33931					
Clubhouse			\$438,000	R	80%	Windstorm	\$21,900
Contents			\$10,000	A	80%	Windstorm	\$1,000
Loc #: 1	Bldg #: 3	645 Old San Carlos Blvd • Fort Myers Beach, FL 33931					
Swimming Pools			\$50,000	R	80%	Windstorm	\$2,500

Definitions		
Val = Valuation	Co-Ins% = Coinsurance Percentage	Ded = Deductible
R = Replacement Cost		

REMARKS

Wind/Hail Deductible 5%
25% Minimum Earned Premium