

**RECREATION CENTERS OF SUN CITY, INC.**  
**Insurance Committee**  
**March 23, 2016**

Chair Gary Cotten called the meeting to order at 1:02pm in the Lakeview Board Room.

**PRESENT:** Gary Cotten, Chair; Mike Kennedy, Co-Chair; and Committee members George Courtot and John Chaney

**RCSC STAFF PRESENT:** Jan Ek, General Manager; Angie Nelson, Controller

**GUESTS:** Lockton Companies representatives Jack Lansdale, RCSC Board Secretary Carol Lawry and RCSC Cardholder Dave Wieland

**Approval of Prior Meeting Summary:** The Meeting Summary for May 14, 2015 was approved.

**Discussion:**

Jack Lansdale, RCSC's account executive at Lockton Companies, provided the following information on RCSC's insurance renewal:

State of the Insurance Market

The insurance market remains flat again this year. Mr. Lansdale reviewed the history of lines of coverage and costs since Lockton has been our broker (*copy of 2012-2015 Premium Comparison attached*).

Travelers Insurance Renewal

Lockton has asked for a 10% rate reduction in premiums from Travelers Insurance and expects to receive a 5% rate reduction, excluding workers compensation. The value of staying with the same carrier for 3 – 5 years was discussed.

Workers Compensation

Lockton provided a Mod Analysis (*attached*) for RCSC's workers compensation. RCSC's experience modification rating in 2015/2016 was 1.10. It will increase to 1.23 for 2016/2017, a 12% (\$25k/year) increase. The RCSC management staff is in the process of developing an online safety program where each employee is required to complete regular training online in hopes it decreases workers compensation claims. In addition RCSC will work with Lockton's loss control department to review operations for potential improvements. Currently RCSC has monthly safety training with all of the management and supervisory staff, who in turn return to their respective departments and train their staff from the same materials. Mr. Lansdale stated that being able to provide our plans for improving safety may be enough to persuade Travelers not to let the increased workers compensation claims affect the costs of our other renewal coverages. If our negotiations with Travelers is affected by workers compensation, Lockton can also place RCSC with Copper Point (formally SCF) who solely provide workers compensation coverage.

### D&O Insurance with Chubb

Currently we have a claim with Chubb for the ongoing lawsuit CV2015-012458 Bolton and Florence Anderson; et al. vs. Recreation Centers of Sun City, Inc. Lockton has approached Chubb about RCSC's renewal and expects a 20% (\$7,500-\$10,000) or more increase in premium but has not had a reply to date. GM Jan Ek expressed that in her opinion based on experience Chubb is by far the preferred carrier as they provide the funds needed to form the best defense. Members of the committee familiar with Chubb and other D&O carriers agreed.

Lockton has asked for the renewal quote from Chubb and Mr. Lansdale reminded the committee that we are early in this process and that quotes are good for only 60 days so if we get a favorable quote we will need to bind coverage or renew the quote before expiration.

Mr. Lansdale suggested the following consideration as an option in his negotiations with Chubb:

If the increase in premium for RCSC's D&O Insurance from Chubb was over \$10,000, would RCSC be willing to increase their retention from \$35,000 to \$50,000 if the Chubb renewal remained flat? Based on a \$10,000 increase in premium, this increase in retention would be recaptured in a year and a half based on no claims. Mr. Lansdale informed the committee that it is likely once the retention is increased to \$50,000, it would be difficult to reduce it back to the previous amount.

The members of the insurance committee were unwilling to provide a recommendation to the RCSC Board of Directors regarding this consideration, although they felt it was viable, as they wanted more data.

Despite what happens with Chubb, Lockton assured the committee that obtaining D&O coverage for RCSC would not be a problem.

### Pollution Insurance with AIG

AIG has informed Lockton that they will no longer be providing pollution coverage, the policy does not expire until 2017 when it will be taken out to the insurance market.

### Volunteer Golf Ranger Claim with AIG

There is a current claim pending with AIG for a volunteer ranger. AIG has denied the claim to date. Mr. Lansdale said that he has appealed to the head of AIG in Arizona for reconsideration and should their decision be unfavorable, Mr. Lansdale will approach Lockton headquarters for resolve.

**Adjournment:** The meeting adjourned at 2:47pm.

**Next Meeting:** To be determined

Respectfully submitted,

Gary Cotten, Chair