

RECREATION CENTERS OF SUN CITY, INC.
Insurance Committee
April 21, 2023

Chair Kat Fimmel called the meeting to order at 9:00am in the Lakeview Board Room.

PRESENT: Chair Kat Fimmel, Co-Chair Jim Rough, Committee members George Courtot, Jerry DeLano, David Wieland, Kim Wanek, John Chaney

RCSC STAFF PRESENT: General Manager Bill Cook, Director of Finance Kevin McCurdy, Controller Angie Nelson

GUESTS: Lockton Company Representatives: Andy Forsell, Gail Wilson, Sam Miller, and Christy Gore (via phone).

Approval of Prior Meeting Summary: The Meeting Summary for March 10, 2023 was approved as presented.

Presentation, Discussion & Review:

Chair Fimmel turned the meeting over to Mr. Andy Forsell, AVP, Senior Project Manager, who then introduced Ms. Gail Wilson, Account Executive; Mr. Sam Miller, Account Manager; and Ms. Christy Gore, Financial Services. Mr. Forsell started the conversation with the timing of the quotes and presentations – as this information needs to go through 2 readings of the Board of Directors, he does not feel this excess time is a deterrent.

One major change this year relates to Flood coverage. Philadelphia Insurance has provided \$5M in coverage as part of the overall package for the insurance for RCSC. This year, this limit will not be available due to re-insurance restrictions in capacity of coverage. As many centers are not located in a flood zone, RCSC management is looking at each building on a per building basis to identify coverage needs. General Manager Cook indicated we do not need to have this coverage. Director of Finance Mr. McCurdy expressed that coverage should be investigated for Lakeview Center due to equipment located at this center for operational commitments. The committee agreed that RCSC should evaluate on a per building basis and make determination for future coverage. No flood losses have been sustained.

Mr. Miller began an overview of the insurance renewal program.

- Budget recommendations per line of insurance coverage were revisited. The committee was advised to prepare for an increase between 15-25%. At renewal, some lines exceeded increases. The overall renewal package increase was 25.3% or \$228,428*. This is compared to an increase of 14.5% last year or \$111,966. Loss Experience, Natural Disasters, and Nuclear Verdicts are contributing factors.
- Discussion held on property coverage. Marshall and Swift calculations came in higher than expected. Increased costs due to renovations and new structure. Mr. Forsell shared RCSC increased coverage by 21% for 18% of costs.

- Discussion on General Liability coverage held. Increase due to losses and sales. The loss ratio on this line of coverage is 145%. One claim is driving costs and will take time to close. Insurance underwriters are most concerned about this line of coverage – age of population, medical costs associated with sustained injuries, higher jury awards. Mr. Forsell shares RCSC has done a good job with risk mitigation in this area. General Manager Cook shared hard to identify trends due to overall randomness of incidents. He also shared the addition of 2 staff positions focusing on risk management. Mr. Forsell shared cameras may be a consideration to validate any future claims.
- Automobile coverage increased due to additional vehicles being added in the past year. This is also a line of coverage that has sustained significant losses in the past few years.
- Cyber discussion – still awaiting renewal numbers – expecting an increase of 3-5%.
- Discussion held on Workers’ Compensation. RCSC had a 14% increase in payroll in the past year. The experience mod also increased due to losses. This line will be audited and Director of Finance Mr. McCurdy shared RCSC usually sees a return premium. One claim in coverage year 21-22 is driving claim costs. The average age of employees is 66.
- Recommendation submitted to reject TRIA coverage.
- Discussion held on various deductible options; however, review indicates these would not be advantageous to RCSC.
- Motion made by Jerry to accept coverage terms for 2022-23 insurance renewal, with the exception of flood to be determined by RCSC management. Seconded by John. Motion passed unanimously.

Adjournment: The meeting adjourned at 9:59 a.m.

Next Meeting: March 8, 2024, at 9:00am – Lakeview Center Boardroom

Respectfully submitted,

Kim Wanek, Secretary

*The renewal exhibit needs to be updated with new information coming in related to Executive Risk, Pollution, and Flood – this has the potential to increase the percentage and premium.