

# RECREATION CENTERS OF SUN CITY, INC.

## Insurance Committee

May 3, 2024

Co-Chair Tom Foster called the meeting to order at 9:00am in the Lakeview Board Room.

**Present:** Co-Chair Tom Foster, committee members David Wieland, Kim Wanek, John Chaney

**RCSC Staff:** General Manager Matthew D'Luzansky, Finance-Support Sr. Leader Kevin McCurdy, Controller Angie Nelson

**Guests:** Lockton Company Representatives present Gail Wilson, Rachael McCarthy

**Review/Amend Prior Meeting Summary:** The Meeting Summary for April 19, 2024 was accepted as presented.

### **Presentation, Discussion & Review:**

Mr. Chaney asked about “things with wheels” which was discussed at the last meeting. RCSC’s experience is not bad. Auto liability losses are hurting the umbrella market, per Lockton, which impacts pricing. Mr. Chaney stated we must control claims and expressed concern about the presentation from the Safety and Compliance Department. Discussion was held on loss prevention methods employed recently. Mr. Chaney and Co-Chair Foster agreed that an improved safety culture at RCSC could be helpful. General Manager D'Luzansky shared that they are working on building a positive safety culture. He feels the Safety and Compliance Department is at the beginning stages of this process. Discussed software and training taking place to impact premiums.

Support/Finance Sr. Leader McCurdy commented that employee safety and member safety are two separate concerns. Higher slips and trips in employee base and more member and guest slip trip claims. Frequency on guest is low but severity is high. One claim that just settled at \$50k and had been reserved at \$250k. RCSC has a property committee that safety and compliance is integrating with. A new comment card system encourages people to report concerns, and this gets 36K sets of eyes to help process. On the employee side, safety training is being rolled out to employees to attempt to lower Workers Compensation (WC) incidents. Discussed member slip and fall areas and it was noted that these vary across campus and no one particular trend was identified. Not a high frequency over 2.5 years. Workers’ Compensation claims are less severe, but frequency plays a role in premiums.

General Manager D'Luzansky shared that RCSC is testing various surfaces on pool decks. Employee driving records are checked prior to employment and RCSC’s standard is a clear record over 5 years.

Co-Chair Foster turned the conversation over to the Lockton representatives to provide an update on final insurance quotes

As a result of the last meeting's conversation with Lockton agreeing to decrease commissions, they went back to Philadelphia Insurance to provide this update which resulted in lowered premiums. This addresses the Property and General Liability insurance lines of coverage. A review of the excess limits tower was reviewed. New carriers quoted coverages on different layers. The committee agreed to retain \$30M in umbrella coverage. Of note, Chubb provided \$20M last year and is only willing to do \$10M this year because of industry changes, not RCSC experience. Needed to find another layer of \$10M over \$20M to match expiring. Total package and excess premiums increased from \$797K to \$1,075M, which is a 35% increase.

Discussed changes in deductibles and cyber discussion of limited information storage – no credit card information stored on any platforms. Any information that RCSC retains could be obtained from the county website. No ecommerce is conducted over websites RCSC or events management. RCSC utilizes a vendor to host the website and management indicates they are comfortable with security levels. No security challenges have been identified or occurred according to management.

Conversation held on Directors & Officers coverage. Lockton was asked to identify if an additional layer could be obtained and if so, what are the associated costs. Lockton will report back findings. They will also obtain the definition of Directors & Officers. The Foundation and Property Holdings are named insureds on the policies. Clubs are covered as well. There have been no losses in this line of coverage.

Cyber deductible increased from \$5k to \$10K to obtain cheapest price. Agreed to take policy based on security conversation.

Pollution: Above ground tanks with containment. Required to have this policy but not renewing this year as it's a 3-year policy and we are in year 2 of this policy.

Flood: We are waiting for these quotes to come in.

Property: Building values increased last year and this year is close to last year. Will need to review again next year. Personal property value remains unchanged per RCSC management, and no material changes this past year.

Conversation held on two potential mid-year changes:

- Additional property purchase and how insurance is obtained. Have 180 days with Philadelphia to obtain coverage and would need to communicate shortly after close. Per RCSC management they send purchase documents to Lockton for review and insurance company.
- Employee Benefit Liability (EBL) coverage is based on total liquor sales regardless of the type of liquor being served.

Lockton commissions were updated and reviewed.

Discussed claims reporting process and Lockton's role. RCSC reports through Lockton, who provides advice on covering in the deductible layer or reporting to the insurance company TRIA (Terrorist coverage) – committee recommended rejecting coverage.

The committee agreed once final numbers for flood are received and if another layer for Director's & Officers is available, they will electronically respond to vote on to provide a recommendation to the Board.

Co-Chair Foster suggested that perhaps insurance committee members might benefit from attending the property committee tours of RCSC property. Ms. Wanek shared that the committee should be provided loss trends on a more frequent basis. Support/Finance Sr. Leader McCurdy will circulate the property checklist to this committee.

At the conclusion of the Lockton presentation the Lockton representatives left the meeting. Ms. Wanek asked if the insurance committee members could continue to meet, and this was agreed to. Co-Chair Foster expressed concern about how to identify commissions appropriate for coverage. Carriers provide commissions per Support/Finance Sr. Leader McCurdy. Lockton can adjust these, and his experience has been that most brokers are between 8-10% of premiums. Lockton is at 11% and the previous year was 14%. Members agreed service quality is important.

Lockton has been RCSC's broker since 2013. A Request For Proposal has not been done since that time. Discussion was held pertaining to the positive relationship, RCSC risk, and brokers that understand risk.

Support/Finance Sr. Leader McCurdy shared that Sun City West uses a different broker but is also insured with Philadelphia and they are experiencing a 40% increase.

Discussion was held on preparing for future insurance affordability and steps that can be taken should terms and conditions change. Support/Finance Sr. Leader McCurdy shared the possibility of retaining more risk by increasing deductibles. The committee agreed to meet in September to begin discussions to better manage future increases.

The average RCSC employee is in his mid-60's. Most claims occur in grounds and custodian positions and employees tend to be part-time staff.

**Adjournment:** The meeting adjourned at 10:27am.

**Next Meeting:** TBD (*September with Lockton present*) – Lakeview Center Boardroom

Respectfully submitted,

Kim Wanek, Secretary