

RECREATION CENTERS OF SUN CITY, INC.
Insurance Committee
March 8, 2024

Chair Kat Fimmel called the meeting to order at 9:01am in the Lakeview Board Room.

Present: Chair Kat Fimmel, Committee members George Courtot, David Wieland, Kim Wanek, John Chaney

RCSC Staff: Finance-Support Sr. Leader Kevin McCurdy, Controller Angie Nelson

Guests: Lockton Company Representatives present Gail Wilson and Rachel Murphy; Virtual: Christy Gore and Gavin Rawnsley, Cardholder Janet Curry

Chair Fimmel informed the committee that committee member, Jerry Delano had resigned from the committee.

Election of Secretary: Kim Wanek volunteered to be Secretary for 2024.

Review/Amend Prior Meeting Summary: The Meeting Summary for April 21, 2023 was accepted as presented.

Presentation, Discussion & Review:

Chair Fimmel turned the meeting over to the Lockton Representative, Gail Wilson. She shared the purpose of the meeting is to conduct an overview of marketplace conditions with preparation of coverage, deductible, and premium changes RCSC can anticipate. During our next meeting, in April, the committee will be supplied with quotes.

Ms. Wilson shared the property underwriter, Philadelphia Insurance, is concerned about the limits of buildings and if they are insured appropriately. Lockton is recommending this line be marketed.

The committee was advised the first layer of Umbrella coverage may no longer be available. Currently this is \$10M. Lockton is seeing insurance companies desiring to cut back on limits. This is an outcome of reinsurance carriers and insurance companies cutting back on their own risk. Philadelphia will still write General Liability insurance with \$1M umbrella. Lockton was advised Philadelphia only wants to insure a \$5M umbrella. RCSC experience is not driving the decision – rather they are responding to the marketplace. Instead of 2 layers, RCSC may have 3 layers and Federal may go down in limit. The question was posed, do we need a total of \$30M in umbrella limits. Finance-Support Sr. Leader shared that he was unclear where the \$30M limit came from, and he will review and report back. Mr. Courtot thinks the \$30M was driven by Pacific wanting additional costs. Chubb sitting over D&O coverage. RCSC may want to maintain this. Question posed - will Chubb drop down and be just over the \$5M. Not known at this point and Mr. Courtot inquired if more will be known in April and Lockton advised that we would.

Ms. Murphy shared that Lockton has reached out to carriers. Property was trending flat to 5 now seeing 5-15% increases. Other lines with projected increases -Liability with auto trends 5-15%, general liability 5-10%, umbrella 5-15%. RCSC's Workers' Compensation mod increased to 1.93 and the incumbent carrier has agreed to come in flat or with 5% increase in rate. 2021 was a year with a large number of open claims that are still developing. Losses went up another \$60k since mod was calculated. RCSC has hired a Safety Manager, along with 2 other safety team members, who are working with Lockton and insurance company loss control teams to seek ways to mitigate claims. Finance-Support Senior Leader shared that the Lockton loss control representative visits quarterly with the Safety Manager. The Safety Manager's main goal is to establish a safety committee and provide better training for all employees and look at safety inspection implementation. An online training resource is available, and the Safety Manager is building these services. The oldest claims are from 2020-2021 year.

Philadelphia wants to stay on the account. An increase in property and general liability can be expected. Lockton is reaching out to multiple carriers that have been on the account or have quoted the account in years past. RCSC has 7 years' experience with Philadelphia, and they have shared that RCSC can expect a 40% increase this year. Property deductible may change from \$10K-\$25K deductible. Looking at the total cost of insurance \$1M+. The current Loss ratio is 90%. General Liability claims are the biggest influencer per the Finance-Support Sr. Leader. Looking at about \$1M for just Philadelphia coverages – slips, trips, falls. There are 3 large claims that are trip/fall related. These were discussed, but as they continue to remain open, the discussion will remain silent in the minutes.

The Finance-Support Sr. Leader indicated he has seen a change in Philadelphia's claims management philosophy. Two years ago, they tended to fight the majority of the claims and now they are in a settling mentality. Legal fees have become a large contributor to overall claims costs.

Mr. Courtot asked Lockton if they would be willing to discuss insurance commissions at renewal and Lockton replied they will share information.

Pollution coverage was renewed last year – it is a 3-year policy and is not up for renewal.

A question was asked about Volunteer accident coverage – this covers golf rangers and is a policy for volunteers – have not seen any losses.

Cyber and D&O – no cyber claims have been reported. A Large D&O loss fell off. There have been several D&O claims nothing paid to date. Flat renewal expected from Chubb. Enough capacity with cyber market which has stabilized. Strategy small target market effort. Hoping to maintain flat to small increase. Low retention on cyber. Start conversations with carriers. At the conclusion of the Lockton presentation, Ms. Wanek asked to continue conversations with committee members and RCSC Staff. The Finance-Support Sr. Leader shared he has met with Kevin Cummings who is the producer on account.

Discussed increase, plan for future, and large claims. The Finance-Support Sr. Leader is a new member of CAI and shared there is no insurance relationship through this organization. Lockton has been RCSC's broker since 2013 on account. RCSC is now in the position to increase utilization of Lockton and insurance carrier services. RCSC staffing was a previous issue. There are no large Workers' Compensation losses, but trends include backs, shoulders, knees due to age of workers. RCSC feels they can reduce these types of claims with basic training and a revised hiring strategy. Wages raised for certain job categories in attempt to raise employment interest in neighboring communities.

Discussion was held around proposed increases. In years past, RCSC and the committee have been prepped for significant increases, and experience has been renewals were less than anticipated. RCSC Finance-Support Sr. Leader shared this might be the year where increases meet what is being communicated.

RCSC Finance-Support Sr. Leader likes the Lockton relationship. He shared Philadelphia has been challenging. He is not sure who Sun City West is insured with. Self-insurance and risk purchasing groups discussed and concerns voiced about loss experience of RCSC and of other communities.

President Fimmel asked members to consider those that we could bring as additional members to the committee. Mr. Courtot stated the level of knowledge on the committee is good, and we should seek others with expertise.

Adjournment: The meeting adjourned at 10:09am.

Next Meeting: April 19, 2024, at 9:00am – Lakeview Center Boardroom

Respectfully submitted,

Kim Wanek, Secretary