

RECREATION CENTERS OF SUN CITY, INC.
Insurance Committee
April 19, 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 George Courtot, David Wieland, Kim Wanek, John Chaney

RCSC Staff: General Manager Matthew D'Luzansky, Finance-Support Sr. Leader Kevin McCurdy, Controller Angie Nelson, Safety & Compliance Manager Stephanie Haholy

Guests: Lockton Company Representatives present Gail Wilson, Kevin Cummings, Rachael McCarthy, RCSC Board Director Chris Nettesheim

Review/Amend Prior Meeting Summary: The Meeting Summary for March 8, 2024 was accepted as presented.

Co-Chair Foster turned the meeting over to the Lockton guests to discuss the 2024 Insurance renewal process.

Presentation, Discussion & Review:

Marketing –

Property, Auto, and General Liability coverage:

- 16 standard market insurance companies approached for RCSC's insurance coverage.
- Two (2) carriers expressed interest in reviewing for the 2025 renewal, but not this year's due to loss experience.
- Seven (7) declined reviewing due to RCSC operations.
- Four (4) declined due to competitive pricing from their current carrier.
- Three (3) declined due to RCSC loss experience.
- Update provided on a GL claim that closed within the past few days that had previously had a higher reserve.
- 2018 property damage with loss of a number of trees will fall off the loss run next year, and losses should show improvement for better pricing.
- GI loss ratio – 85%
- Property loss ratio – 51%
- Auto loss ratio – 15%
- Wholesale markets are non-competitive with pricing. Indications were they would be 25% higher than incumbent carrier quotes.
- RCSC management shared trends are going down and risk mitigation programs are being developed and implemented.

- Lockton shared both the property and general liability markets are difficult placements.
- Property deductible increasing to \$25K
- Review of exposure changes impacting premium changes.
- Mr. Cummings' shared the property market is not expected to change anytime soon.
- Philadelphia Insurance had initially discussed a 40% renewal increase and current indicates are a 33% increase.

Workers' Compensation coverage:

- Three (3) insurance companies were approached regarding RCSC's WC Insurance coverage.
- All declined due to competitive pricing from current carrier.
- Review of exposure changes impacting premium changes.
- Loss ratio – 68%.
- Copperpoint has quoted a 25% increase due to loss experience.

Other Lines of Coverage:

- Flood quotes will not be released prior to 60 days of expiration date.
- Umbrella quotes have not been finalized. The current tower will need to be reviewed as Philadelphia is unable to provide similar coverage this year. Lockton shared it would cost approximately \$300K to purchase the same layers. They also provided peer benchmarking data and their umbrella purchasing decisions: 38% are carrying \$10-15M, 5% \$20-25M, 30% \$25-50M. RCSC has not experienced a claim that has pierced umbrella coverage. Lockton recommends waiting until they get final numbers and review layers to see what is affordable. They shared that as more of their clients see this coverage becoming more expensive, decisions are being made to reduce limits.
- Executive lines do not have final quote on excess.
- Cyber going back to market as current carrier quoted a 53% pricing increase.

Discussion held on Umbrella coverage - estimated timing on quotes should be in next week. This committee will need to meet again prior to the May Board meeting in order to make a recommendation to the Board. Support/Finance Sr. Leader Kevin McCurdy inquired about committee thoughts on dropping from \$30M to \$20M – all agreed that they would need to see quotes. Mr. Cummings shared his largest concern - anything with wheels – as you can't control the driver, and this presents the largest uncontrolled exposure. He advised he would be comfortable recommending \$20M in umbrella coverage.

Broker Commission:

Lockton reviewed commissions for the previous, current, and coming policy periods. Mr. Cummings shared it is RCSC loss experience that is driving premium increases, they will cap commissions on the largest line (package) at 10% vs. the standard 15%. RCSC should see a decrease in premium as a result. They will show us all numbers with and without commissions at the next meeting. Discussed commissions vs. fee. Can agree to cap commission.

RCSC Safety and Compliance Department Review:

The Safety and Compliance Department Manager provided an update on the proactive measures this department is taking to manage risks. This department of 5 has been in formal existence for 7 months. They are expanding to control risks vs. report and manage claims. They utilize the services of Lockton and the insurance carriers along with the Arizona Department of Safety and Health.

Safety and Compliance Initiatives:

- Incident Reporting and Accident Investigation
- Learning Management System for Safety training
- Safety Committee
- AED and First Aid kits
- First Aid, CPR, AED Training
- Heat Safety Campaign
- Safety Policies
- Develop a Return-to-Work Program
- Develop a Fleet Policy – implementing vehicle monitoring measures

RCSC Human Resources manages Worker's Compensation claims, and all others are managed by the Safety and Compliance Department. This team tracks and analyzes data.

Open Discussion:

The committee recommended that the Safety and Compliance department establish measurable goals within the next year.

Mr. Chaney voiced concern about looking at losses in past WC and GL concerns. The hiring process starts on WC – what measures can be implemented to screen potential employees. Mr. Cummings discussed integrity testing and will have Lockton Loss Control follow up with the Safety and Compliance Manager to address this along with costs. Mr. Courtot shared that many employees are residents with aging issues, and this impacts rates. Committee members shared that they receive no information on claims. Need to be proactive and share regularly. Mr. McCurdy shared that loss runs are shared with the Board and could be shared with the insurance committee – 500 employees. The General Manager expressed concern that the committee only meets twice a year.

The committee will meet again on May 3 at 9:00am to review final quotes.

Adjournment: The meeting adjourned at 10:11am.

Next Meeting: May 3, 2024 at 9:00am – Lakeview Center Boardroom

Respectfully submitted,

Kim Wanek, Secretary