

LEISURE WORLD COMMUNITY CORPORATION  
INSURANCE ADVISORY COMMITTEE

Minutes of Regular Meeting  
April 28, 2008  
Sullivan Room

- MEMBERS PRESENT: Elisabeth Hargreaves, (M23); Chair; Henry Tate, (M17B) Vice Chair; William Gloyd, (M14); Robert Sloan, (M17A); Stephen Lyddane, M20; William Eisenberg, (M21); Ray Lee, (M21); and Mort Yadin, (M23).
- MEMBERS ABSENT: Stuart Virts, (MM); and Joseph Gouin, (M19A).
- MANAGEMENT: Kevin Flannery, General Manager; Jennifer Peacock, Comptroller; and Nancy Gordon, Trust Assistant.
- VISITORS: Theresa Melson and Steve Dickerson, USI Representatives. Jackie Rabinow, M14.

1. Call to Order – Mrs. Hargreaves called the meeting to order at 1:55 p.m.
2. Agenda – The Agenda was adopted as written.
3. Approval of Minutes – The Minutes of the January 28, 2008 meeting were approved as written.
4. Chair's Remarks
  - Mrs. Hargreaves introduced new member, Stephen Lyddane, Mutual 20A.
  - House Bill 646, which changes the Maryland Condominium Act, states that the maximum amount a condominium association can charge back to the unit owner is \$5,000. This is an increase from \$1,000 to \$5,000. The bill has not yet been signed; however, it is expected that the governor will do so for the bill to be effective on or around October 1, 2008.

When this goes into effect, associations can make the change in the deductible amount only if this is permitted in their by-laws. If not so stated, the by-laws need to be changed, which means it has to be presented to the owner of each individual mutual for approval. It is also advised that all owners should contact their insurance agent to determine if their HO6 policy (the condominium homeowner's policy) will cover such increase.

- The recent ruling by the The Maryland Court of Appeals, Case No. 99, will have no effect on Leisure World as per Mr. Flannery. This only states that associations are no longer required to provide master policy coverage for condominium units. Leisure World already insures all units under their master policy. This holding will become effective after the Court issues its mandate, which is expected around May 15, 2008.
- Ms. Melson of USI recommends use of their website ([www.usicondo.com](http://www.usicondo.com)) to obtain information on coverage of the master policy vs. personal insurance. Mr. Flannery also stated that more information about this bill will be in an upcoming General Manager's Report.

5. General Manager's Report – Kevin Flannery, General Manager.

Mr. Lee expressed concern about the statement in the March General Manager's Report regarding insurance. The statement read, "If this positive experience (loss ratio) continues, it will provide us leverage with renewals in August." Mr. Lee thought this would send a message to the community that premiums will be reduced, when, in fact, this is not anticipated.

6. Old Business

Second Quarter Claim Review – Mr. Flannery stated that we are in a good position as we enter the second half of the insurance cycle with a loss ratio of 2.87%. At the end of the first quarter, the loss ratio was 1.2% and at the end of the second quarter it was 10.3%. The second quarter historically has more claims due to an increased number of slips and falls. The number of such incidents was lower this year than in the past.

Mr. Lee asked why some incidents were not reported in a timely manner. Mr. Flannery will advise property managers that they should report incidents to Security if and when they become aware of them.

Ms. Melson said that although the Second Quarter Claims Report is a couple of months old, no significant status changes have occurred. The Third Quarter Claims Report will be reviewed at the June 23, 2008 meeting.

7. New Business –

- Mrs. Hargreaves presented her opinions pertaining to information needed to consider a community-wide insurance deductible fund. At this time Mr. Flannery stated that due to the difficulty economic environment, it is not a good time to discuss the implementation of this program. However, should the deductible substantially increase in the future, it would be beneficial for the community to consider such a fund. He then stated that in an upcoming

June meeting with mutual presidents, Mr. Flannery will explain the benefits of establishing such a fund.

- Policy Renewals - Mr. Flannery advised that he, our broker and Mr. Harold Neely, Senior Underwriter of Travelers Insurance, met on April 25, 2008, to discuss the renewal of our master policy which will be effective August 1, 2008. Mr. Flannery will advise the Insurance Advisory Committee when renewal information has been received. This information is expected late May 2008. Mr. Flannery believes that premiums will not be increased; however additional coverage in several areas is being discussed--such as guaranteed replacement value as opposed to stated value, an increase to our umbrella liability, content coverage and business income loss coverage.
8. Open Forum – No items were presented for discussion or comment.
  9. Next Meeting Date – The next regular meeting of the Insurance Advisory Committee will be June 23, 2008, in the Sullivan Room.
  10. Adjournment - There being no further business, the meeting adjourned at 2:55 p.m.

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Elisabeth Hargreaves, Chair  
Insurance Advisory Committee