

**HAMILTON COVE HOMEOWNERS ASSOCIATION
MINUTES
MEETING OF THE BOARD OF DIRECTORS
BY ZOOM
March 14, 2025
3:00 PM**

The following directors were present by Zoom:

Norris J. Bishton, Jr.
Martin Curtin
Bart Glass
Richard Kirschner
Rimas Butkys

Also present: Bob Hessler the Association's Insurance Broker and approximately 15 Owners by Zoom, the number varying during the meeting.

The President indicated that everyone other than Board Members and Mr. Hessler had been placed on mute. Those on mute should not speak without being recognized to do so. This procedure was regularly violated by some of the Owners present.

Some Owners asked if the meeting was being recorded. The President informed the meeting as follows as determined by the Association's General Counsel:

Homeowners may not record the meeting. Any homeowner who refuses to comply should be removed from the zoom. This is a private meeting of the Board

of a homeowners association not open to the public such that it may not be recorded without consent of the Board. The Board's policy is that meetings are not recorded. See Penal Code 632.

Carrie Heieck, Esq.,
Senior Attorney

The President confirmed the Board's policy. Despite being so advised, some Owners present indicated they intended to record the meeting.

APPROVAL OF MEETING MINUTES 2/17/2025

The President stated that Mr. Butkys had advised him by email that he wanted to make amendments to the minutes. The President invited Mr. Butkys to make specific proposals by motion. Mr. Butkys moved that he wanted the changes referenced in his email which he did not provide to the meeting. Mr. Curtin seconded the motion. The motion was put to a vote:

Disapproved: Bishton, Kirschner, Glass and Curtin
Approved : Butkys

INSURANCE RENEWALS

The President noted that notice of the meeting had been given to all Owners by individual notice and that the notice contained detailed information regarding the insurance renewals due March 22nd for the benefit of the Board and all Owners since the renewals represent the Association's largest expense. The information provided—Agenda, Insurance Proposal, Memo to

the Board re Insurance and History of Insurance Costs—will be included with the minute of the meeting.

The Board discussed the insurance situation, the CC&Rs applicable to insurance and the proposal presented by Hessler Insurance. The President reported that the proposal from Hessler Insurance was the only proposal received, that no other broker made a proposal. Further, the Fire Insurance Task Force had not come up with any alternative proposal. Questioned whether Hessler Insurance had been designated the Association's broker of record, the President represented that it had not been so designated, and that the Association encouraged any interested broker to present a proposal.

The President indicated that some carriers were offering fire insurance excluding any damage caused by a wildfire. The Board concluded that wildfire was a major threat to the Association and that such limited insurance would not meet the requirements of the CC&Rs.

The President reported that the Association received two proposals to finance the fire insurance premium and that the lower proposal would be used if the Board went ahead and approved obtaining fire insurance.

Mr. Hessler participated in the discussion and responded to all questions. Questions from Owners present were answered.

The President then made the following motion:

RESOLVED that Section 9.01 of the Association's Restated CC&Rs requires the Association to maintain

fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement cost of the Common Property and those portions of the Condominiums consisting of all fixtures, installations or additions comprising a part of the buildings housing the Condominiums and all built-in or set-in appliances, cabinets and initial basic floor coverings, as initially installed or replacements thereof in accordance with the original plans and specifications for the Project, or as installed by or at the expense of the Owners

which insurance underlies any mortgage secured by an Owner's condominium, the Board must take appropriate action to obtain such insurance.

FURTHER RESOLVED that the insurance detailed in the Proposal presented to the Board is approved and the President is authorized to proceed to acquire said insurance.

FURTHER RESOLVED that the budget for 2025 included \$1,286,876 for insurance. Total insurance costs as proposed would be \$1,510,804 reflecting a shortage of \$223,928. It will be necessary to cover this shortage with a special assessment since the Board did not raise the assessment for this year from last year due to the complete chaos in the insurance market due to wildfires.

FURTHER REESOLVED THAT regardless of the restrictions in the governing documents, a board may levy a special assessment of not more than 5% of the budgeted gross

expenses for the current fiscal year without the approval of the members pursuant to Civil Code Section 5605(b) which provides as follows:

(b) Notwithstanding more restrictive limitations placed on the board by the governing documents, the board may not impose a regular assessment that is more than 20 percent greater than the regular assessment for the association's preceding fiscal year or **impose special assessments which in the aggregate exceed 5 percent of the budgeted gross expenses of the association for that fiscal year** without the approval of a majority of a quorum of members, pursuant to Section 4070, at a member meeting or election.

FURTHER RESOLVED that the Board has authority pursuant to Civil Code Section 5605(b) as follows:

BUDGETED	\$3,772,340
GROSS	
EXPENSES	
5% INCREASE	\$3,960,957
MAXIMUM	\$188,617
INCREASE	

FURTHER RESOLVED that a special assessment of 5% of the current assessment is approved to be paid as follows:

	MONTH	YEAR	TOTAL
CLASS 1 2025	\$1,620	\$19,441	\$3,596,666
ASSESSMENT			
5% INCREASE		\$20,414	\$3,776,500
DIFFERENCE		\$972	\$179,833

INCREASE OVER 8 MONTHS	\$122		
MONTHLY ASSESSMENT	\$1,742		
STARTING MAY 2025			
CLASS III	\$1,090	\$13,080	\$78,480
2025			
ASSESSMENT			
5% INCREASE		\$13,734	\$82,404
DIFFERENCE		\$654	\$3,924
INCREASE OVER 8 MONTHS		\$82	
MONTHLY ASSESSMENT		\$1,172	
STARTING MAY 2025			
TOTAL ADDITIONAL ASSESSMENT			

FURTHER RESOLVED the President is authorized to arrange financing for a portion of the premiums needed.

FURTHER RESOLVED the Association may borrow from the Replacement Fund to be repaid within one year to pay a portion of the premiums for insurance.

Martin Curtin seconded the motion. Whereupon a vote was taken:

Bishton—approved
Curtin—approved
Butkys—approved
Glass—approved
Kirschner—approved

EXECUTIVE SESSION

There was no executive session.

March 14, 2025

Martin Curtin, Secretary

**HAMILTON COVE HOMEOWNERS ASSOCIATION
AGENDA
MEETING OF THE BOARD OF DIRECTORS
BY ZOOM
March 14, 2025
3:00 PM**

- I CALL TO ORDER
- II REPORT ON EXECUTIVE SESSIONS
- III APPROVAL OF MEETING MINUTES 2/17/2025
- IV INSURANCE REPORT
- V PRESIDENT'S REPORT
- VI VICE PRESIDENTS' REPORTS
- VII NEW BUSINESS
 - A. INSURANCE RENEWALS
- IX HOMEOWNER COMMENTS
- X ADJOURNMENT
- XI EXECUTIVE SESSION IF NEEDED

HCHOA CC&RS RE INSURANCE

ARTICLE IX

INSURANCE

Section 9.01. Duty to Obtain Insurance; Types. The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments) with such limits as may be considered acceptable to FNMA (not less than \$1 million covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising from the activities of the Association and its Members, with respect to the Common Property. **The Board shall also cause to be obtained and**

maintained fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement cost of the Common Property and those portions of the Condominiums consisting of all fixtures, installations or additions comprising a part of the buildings housing the Condominiums and all built-in or set-in appliances, cabinets and initial basic floor coverings, as initially installed or replacements thereof in accordance with the original plans and specifications for the Project, or as installed by or at the expense of the Owners. Such insurance shall be maintained for the benefit of the Association, the Owners, and the Mortgagees, as their interests may appear as named insured subject, however, to loss payment requirements as set forth herein. The Board of Directors shall purchase such other insurance, as necessary, including, but not limited to, errors and omissions, directors, officers and agents liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall customarily be covered with respect to condominium projects similar in construction, location and use. Fidelity bond coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees, employees and agents of the Association and employees of the Manager of the Association, if any, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the Manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the sum equal to one-fourth (1/4) of the Annual Assessments on all Owners in the Project, plus reserve funds. The Association may also obtain earthquake insurance if said insurance is reasonably available. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond coverage meeting the insurance and fidelity bond requirements for condominium projects established by FNMA, GNMA and FHLMC, so long as any of which is a Mortgagee or Owner of a Condominium within the Project, except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA and FHLMC, as applicable.

Section 9.03. Right and Duty of Owners to Insure. It is the responsibility of each Owner to provide insurance on his personal property and upon all other property and Improvements within his Condominium for which the Association has not purchased insurance in accordance with Section 9.01 hereof. Nothing herein shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to person or property occurring inside his individual Condominium or elsewhere in the Project. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied. In addition, each Owner shall maintain liability insurance covering any vehicle the Owner, members of his Family or his guests bring on to or operate within the Project. Notwithstanding any provision hereof, the Association shall not acquire any casualty insurance covering Single Family Residences. Any such insurance shall be the responsibility of the Owners of Single Family Residential Lots.

Section 9.05. Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Owners. That portion of the Annual Assessments necessary for the required insurance premiums shall be separately accounted for by the Association in the Operating Fund to be used solely for the payment of premiums of required insurance as such premiums become due.

HCHOA BYLAWS RE INSURANCE

Section 4.03 Special Powers and Duties. Without prejudice to such foregoing general powers and duties and such powers and duties as are set forth in the

Declaration, the Board of Directors is vested with, and responsible for, the following powers and duties:

Section 4.03(g) **The power and duty to contract for and pay for, as reasonably necessary, fire, casualty, blanket liability, malicious mischief, vandalism, errors and omissions, liquor liability and other insurance, insuring the Members, the Association, the Board of Directors and other interested parties, in accordance with the provisions of the Declaration, covering and protecting against such damages or injuries as the Board deems advisable (which may include without limitation, medical expenses of persons injured on the Common Property).**

PROPOSAL
Of
INSURANCE
For

Hamilton Cove Homeowners Association

Prepared by:

Hessler Insurance Solutions
An Affiliate of Panorama Insurance Associates, Inc.
74121 University Pointe Court
Palm Desert, CA 92211

3/15/2025

Named Insured: Hamilton Cove Homeowners Association

Insurance Carrier: Underwriters at Lloyds of London
Through Howden Specialty; Non-Admitted

Policy Term: March 22, 2025 to March 22, 2026

Coverage: Primary Property including:
Buildings
Personal Property \$100,000
Business Income Excluding Extra Expense
Ordinance or Law

Locations:
1. 1-81 Camino De Flores Avalon, CA 90704
2. 45-89 Gaviota Avalon, CA 90704
3. 36-97 Playa Azul Avalon, CA 90704

Perils: Risks of direct physical loss or damage excluding Flood,
Earthquake with other exclusions per policy forms
and specified in the quote.

Limits: \$10,000,000 Per Occurrence Per Schedule;
110% Margin Clause Applies

Sublimits of Liability: \$5,000,000 Ordinance or Law Coverage B+C
Actual Loss Business Income; 72 hour waiting period
\$100,000 Personal Property
Included Ordinance or Law Coverage A
\$1,600,000 Business Income
Sublimits are included in the Limit of Liability and
are not in addition to the Limit of Liability

Deductible: \$100,000 per occurrence

Exclusions: Earthquake, Earthquake Sprinkler Leakage, Flood, Asbestos, Terrorism,
Biological or Chemical Materials, Mold Mildew and Fungus, War, Radioactive
Contamination Radioactive Contamination, Misrepresentation and Fraud, and other
exclusions as may be contained in the policy.

Premium: \$475,000.00 100% Annual Minimum and Deposit
Taxes: \$ 15,105.00
CRC Broker Fee: \$ 7,500.00
Total: \$497,605.00
Terrorism: Not Applicable

Insurance Carrier: Underwriters at Lloyds of London
Miller Specialty; Non-Admitted

Policy Term: March 22, 2025 to March 23, 2026

Coverage: Excess Property Including:
Buildings
Personal Property
Business Income Excluding Extra Expense

Locations:

1. 1-81 Camino De Flores Avalon, CA 90704
2. 45-89 Gaviota Avalon, CA 90704
3. 36-97 Playa Azul Avalon, CA 90704

Perils: Risks of direct physical loss or damage excluding Flood, Earthquake, Earthquake Sprinkler Leakage with other exclusions per policy forms and specified in the quote.

Limits: \$10,000,000; 110% Margins Clause
Per Schedule Excess of \$10,000,000

Deductible: As per primary

Exclusions: Earthquake, Earthquake Sprinkler Leakage, Flood, Asbestos, Terrorism, Biological or Chemical Materials, Mold Mildew and Fungus, War, Radioactive Contamination Radioactive Contamination, Misrepresentation and Fraud, and other exclusions as may be contained in the policy.

Premium:	\$197,273.00
Taxes:	\$ 6,273.28
CRC Broker Fee:	\$ 3,000.00
Total:	\$206,546.28

Terrorism: \$ Not Quoted

Insurance Carriers: Mercer Ins. Co. (25%)
Underwriters at Lloyds: Ascot Ethos (25%)
Texas Insurance Company (50%)
Non-Admitted;

Policy Term: March 22, 2025 to March 22, 2026

Coverage: Excess Property Including:
Buildings
Personal Property
Business Income Excluding Extra Expense

Locations:
1. 1-81 Camino De Flores Avalon, CA 90704
2. 45-89 Gaviota Avalon, CA 90704
3. 36-97 Playa Azul Avalon, CA 90704

Perils: Risks of direct physical loss or damage excluding Flood, Earthquake, Earthquake Sprinkler Leakage with other exclusions per policy forms and specified in the quote.

Limits: \$10,000,000 Per Occurrence Per Schedule
Excess of \$20,000,000

Exclusions: Earthquake, Earthquake Sprinkler Leakage, Flood, Asbestos, Terrorism, Biological or Chemical Materials, Mold Mildew and Fungus, War, Radioactive Contamination Radioactive Contamination, Misrepresentation and Fraud, and other exclusions as may be contained in the policy.

Premium:	\$168,750.00
Policy Fees:	350.00
Taxes and Fees:	\$ 5,311.38
CRC Broker Fee:	\$ 3,000.00
Total:	\$177,477.38

Terrorism: \$10,894.77 Additional

Insurance Carriers: Underwriters at Lloyds Beazley
Non-Admitted;

Policy Term: March 22, 2025 to March 22, 2026

Coverage: Excess Property Including:
Buildings
Personal Property
Business Income Excluding Extra Expense

Locations:

1. 1-81 Camino De Flores Avalon, CA 90704
2. 45-89 Gaviota Avalon, CA 90704
3. 36-97 Playa Azul Avalon, CA 90704

Perils: Risks of direct physical loss or damage excluding Flood, Earthquake, Earthquake Sprinkler Leakage with other exclusions per policy forms and specified in the quote.

Limits: \$5,000,000 Per Occurrence Per Schedule
Excess of \$30,000,000

Exclusions: Earthquake, Earthquake Sprinkler Leakage, Flood, Asbestos, Terrorism, Biological or Chemical Materials, Mold Mildew and Fungus, War, Radioactive Contamination Radioactive Contamination, Misrepresentation and Fraud, and other exclusions as may be contained in the policy.

Premium:	\$110,000.00
Taxes:	\$ 3,498.00
Broker Fee:	\$ 3,000.00
Total:	\$116,498.00

Terrorism: \$ 5,174.90 Additional

Insurance Carrier: Evanston Insurance Company
Non-Admitted;

Policy Term: March 22, 2025 to March 22, 2026

Coverage: Excess Property Including:
Buildings
Personal Property
Business Income Excluding Extra Expense

Locations:
1. 1-81 Camino De Flores Avalon, CA 90704
2. 45-89 Gaviota Avalon, CA 90704
3. 36-97 Playa Azul Avalon, CA 90704

Perils: Risks of direct physical loss or damage excluding Flood,
Earthquake, Earthquake Sprinkler Leakage with other
exclusions per policy forms and specified in the quote.

Limits: \$5,000,000 Per Occurrence Per Schedule
Excess of \$35,000,000

Exclusions: Earthquake, Earthquake Sprinkler Leakage, Flood, Asbestos, Terrorism,
Biological or Chemical Materials, Mold Mildew and Fungus, War, Radioactive
Contamination Radioactive Contamination, Misrepresentation and Fraud, and other
exclusions as may be contained in the policy.

Premium:	\$100,000.00
Taxes:	\$ 3,180.00
Broker Fee:	\$ 2,000.00
Total:	\$105,180.00

Terrorism: \$ 10,318.00 Additional

Insurance Carriers: Kinsale Insurance Company (50%)
Mt. Hawley Insurance Company (25%)
Ironshore, A Liberty Mutual Company (25%)
Non-Admitted;

Policy Term: March 22, 2025 to March 22, 2026

Coverage: Excess Property Including:
Buildings
Personal Property
Business Income Excluding Extra Expense

Locations:
1. 1-81 Camino De Flores Avalon, CA 90704
2. 45-89 Gaviota Avalon, CA 90704
3. 36-97 Playa Azul Avalon, CA 90704

Perils: Risks of direct physical loss or damage excluding Flood,
Earthquake, Earthquake Sprinkler Leakage with other
exclusions per policy forms and specified in the quote.

Limits: \$10,000,000 Per Occurrence Per Schedule
Excess of \$40,000,000

Exclusions: Earthquake, Earthquake Sprinkler Leakage, Flood, Asbestos, Terrorism,
Biological or Chemical Materials, Mold Mildew and Fungus, War, Radioactive
Contamination Radioactive Contamination, Misrepresentation and Fraud, and other
exclusions as may be contained in the policy.

Premium:	\$170,000.00
Company Policy Fees:	\$ 350.00
Taxes:	\$ 5,417.13
CRC Broker Fee:	\$ 3,000.00
Total:	\$178,767.13

Terrorism: \$ 13,826.12 Additional

Insurance Carrier: Underwriters at Lloyds, Price Forbes
Non-Admitted;

Policy Term: March 22, 2025 to March 22, 2026

Coverage: Excess Property Including:
Buildings
Personal Property
Business Income Excluding Extra Expense

Locations:

1. 1-81 Camino De Flores Avalon, CA 90704
2. 45-89 Gaviota Avalon, CA 90704
3. 36-97 Playa Azul Avalon, CA 90704

Perils: Risks of direct physical loss or damage excluding Flood,
Earthquake, Earthquake Sprinkler Leakage with other
exclusions per policy forms and specified in the quote.

Limits: \$37,734,451 Per Occurrence Per Schedule
Excess of \$50,000,000
110% Margins Clause

Exclusions: Earthquake, Earthquake Sprinkler Leakage, Flood, Asbestos, Terrorism,
Biological or Chemical Materials, Mold Mildew and Fungus, War, Radioactive
Contamination Radioactive Contamination, Misrepresentation and Fraud, and other
exclusions as may be contained in the policy.

Premium:	\$133,000.00
Taxes:	\$ 4,229.40
Crouse Broker Fee:	\$ 1,400.00
Total:	\$138,629.40

Terrorism: Not quoted

Named Insured: Hamilton Cove Homeowners Association

Insurance Carrier: Nationwide Mutual Insurance Company
A.M. Best's Rating: A XV

Coverage: Commercial Auto Coverage

Limits / Deductibles:	\$1,000,000	Liability
	\$ 100,000	Underinsured Motorists
	\$ 100,000	Uninsured Motorists
	\$ 5,000	Med Pay
	\$1,000,000	Non-Owned / Hired Auto Liability
	\$ 500	Deductible Comprehensive
	\$ 500	Deductible Collision

Vehicle Schedule:

1994 Nissan Pickup	VIN # 1N6SD11S4RC322684
1995 GMC Sierra Pickup	VIN # 1GTFC24H4SZS55304
1996 Yamaha Golfcart	VIN # JNS202672
2004 Vantage WTI	VIN # LFWA1F1244JA91141
2004 Yamaha Golfcart	VIN # JN0018368
2004 Yamaha Golfcart	VIN # JU0104269
2004 Yamaha Golfcart	VIN# JU0010170
2000 Dodge Ram	VIN# 3B6MC36W7M235255
2000 Yamaha Golfcart	VIN# JN6409772
2006 Yamaha Golfcart	VIN# JU0313675

Premium: \$12,584.20

This is on direct bill to the insured.

Insurance Carrier:	Mesa Underwriters Specialty Insurance Company Non-Admitted;	
Policy Term:	March 22, 2025 to March 22, 2026	
Coverage:	<u>General Liability</u> Occurrence	
Limits of Liability:	\$2,000,000	General Aggregate
	\$2,000,000	Products/Completed Operations
	\$1,000,000	Personal & Advertising Injury
	\$1,000,000	Each Occurrence
	\$ 300,000	Assault & Battery*
	\$ 100,000	Fire Legal Liability
	\$ 5,000	Medical Payments
	\$ 1,000	Per Claim Deductible
Terms:	Subject to the terms, conditions, limitations of the policy. 25% minimum earned premium	
Exclusions:	Employment Related Practices; Claims by Members; Absolute Pollution; Fungi or Bacteria (Mold); Silica or Silica Related Dust; Designated Professional Services; New Entities; Property Entrusted; Nuclear Energy; Auto Liab.	
Subject to:	Acceptable inspection / loss control report Signed Terrorism Rejection Form Prior to Binding if Terrorism coverage rejected	
Security Payroll:	\$175,000	
Premium:	\$32,500.00	Minimum Annual (excluding Terrorism)
Policy Fee:	\$ 400.00	
	\$ 1,046.22	State Tax
TOTAL ANNUAL	\$33,946.22	
Terrorism:	\$1,650 Additional	

Insurance Carrier: Mesa Underwriters Insurance Company

Policy Term: March 22, 2025 to March 22, 2026

Coverage: Umbrella Liability

Limits of Liability: \$5,000,000 Each Occurrence
\$5,000,000 General Aggregate

Terms & Conditions: No Flat Cancellations / 25 % minimum earned premium; subject to terms, conditions, and limitations of the policy

Endorsements: Follow Form: General Liability

Exclusions: Garage Liability; Garagekeepers Legal Liability; Liquor Liability; Pesticide Liability; Boats; Aircraft; Sexual Abuse or Molestation; Terrorism; Bacteria or Fungi; Intellectual Property; Lead; Personal Injury; Professional Services; Waterskiing; Employee Benefits Liability and others per policy.

Premium:	\$25,704.00	Minimum Annual Premium
	\$ 400.00	Carrier Policy Fee
	<u>\$ 830.11</u>	State Tax
	\$26,934.11	TOTAL ANNUAL PREMIUM

Insurance Carrier:	Continental Casualty Company A. M. Best's Rating: A XV		
Policy Term:	March 22, 2025 to March 22, 2026		
Coverage:	<u>Directors & Officers</u>		
Limits of Liability:	\$1,000,000	Each Occurrence/Aggregate	Ded: \$ 5,000
Coverage:	<u>Fidelity & Forgery</u>		<u>Deductible</u>
Limits of Liability:	\$1,000,000	Computer Fraud Includes Wire Transfer	\$10,000
	\$1,000,000	Employee Theft	\$10,000
	\$ 25,000	Forgery and Alteration	\$ 250
	\$ 25,000	Theft, Disappearance	\$ 0
	\$1,000,000	General Aggregate	
Premium:	\$7,588.00	Flat annual premium	
	\$ 500.00	RLA Broker Fee	
	\$ 35.00	Carrier Policy Fee	
	\$8,123.00	TOTAL ANNUAL PREMIUM	

PREMIUM SUMMARY

	2025	2024
Primary Property \$10 million Limit	\$497,605.00	\$523,400.00
Excess Property \$10m X \$10m	\$206,546.28	\$217,202.71
Excess Property \$10m X \$20m	\$178,767.13	\$177,466.25
Excess Property \$5m X \$30m	\$116,498.00	\$116,498.00
Excess Property \$5m X \$35m	\$105,180.00	\$104,148.20
Excess Property \$10 X \$40	\$178,433.03	\$177,219.43
Excess Property \$37.7m X \$50m	\$138,629.40	\$143,372.50
Auto	\$ 12,516.60	\$12,584.20
General Liability	\$ 33,946.22	\$33,946.22
Umbrella Liability	\$ 26,934.11	\$26,207.72
Directors & Officers Including Crime	\$ 8,123.00	\$7,021.00
Total	\$1,504,028	\$1,539,066.23

Building Value \$ 86,034,451 Square Foot Value \$313.94. 110% Margin Clause
Applies aka Valuation Limitation Clause

TO: BOARD OF DIRECTORS

I received an insurance proposal from Bob Hessler which is attached. Property Insurance is based upon a replacement cost of \$87,734,451, an increase from last year's estimate of \$85,123,287 to reflect increases in costs. Despite this increase in value the premium for Property Insurance came in 3% less than last year--\$1,421,601 as against \$1,459,306. In view of the recent wildfire, this is surprising.

As proposed, Property Insurance would cost \$7,684 per year per Unit. All other insurance would cost \$482 per year per Unit. Also attached is a spreadsheet detailing insurance costs since 2012.

The budget for 2025 included \$1,286,876 for insurance. Total insurance costs as proposed would be \$1,510,804 reflecting a shortage of \$223,928. It will be necessary to cover this shortage with a special assessment since we did not raise the assessment for this year from last year due to the complete chaos in the insurance market due to wildfires.

Regardless of the restrictions in the governing documents, a board may levy a special assessment of not more than 5% of the budgeted gross expenses for the current fiscal year without the approval of the members.

Civil Code Section 5605(b) provides as follows:

(b) Notwithstanding more restrictive limitations placed on the board by the governing documents, the board may not impose a regular assessment that is more than 20 percent greater than the regular assessment for the association's preceding fiscal year **or impose special assessments which in the aggregate exceed 5 percent of the budgeted gross expenses of the association for that fiscal year** without the approval of a majority of a quorum of members, pursuant to Section 4070, at a member meeting or election.

In simple terms, we have authority to approve a special assessment to cover the shortage up to 5% of budgeted gross expenses. The following is a calculation of the maximum we could approve:

BUDGETED GROSS EXPENSES	\$3,772,340
5% INCREASE	\$3,960,957
MAXIMUM INCREASE	\$188,617

I propose that we approve a special assessment of 5% of the current assessment to cover the shortage, I calculated the increase as follows:

	MONTH	YEAR	TOTAL
CLASS 1 2025 ASSESSMENT	\$1,620	\$19,441	\$3,596,666
5% INCREASE		\$20,414	\$3,776,500
DIFFERENCE		\$972	\$179,833
INCREASE OVER 8 MONTHS		\$122	
MONTHLY ASSESSMENT STARTING MAY		\$1,742	
CLASS III 2025 ASSESSMENT	\$1,090	\$13,080	\$78,480
5% INCREASE		\$13,734	\$82,404
DIFFERENCE		\$654	\$3,924
INCREASE OVER 8 MONTHS		\$82	
MONTHLY ASSESSMENT STARTING MAY		\$1,172	
TOTAL ADDITIONAL ASSESSMENT			\$183,757

In simple terms, in May 2025 the monthly assessments would increase to:

Class I--\$1,742

Class III--\$1,172.

As we have discussed many times, the CC&Rs and Bylaws mandate full replacement cost property insurance. Such insurance is required to finance a Unit or to maintain existing financing.

The broker in San Diego, to whom I sent the material he requested, called me. It turns out that he did not represent carriers writing condo policies up to \$200 million, but rather he pursued the same markets covered by Bob Hessler. He volunteered that Bob had done an excellent job in reaching out to the available markets. He said that the carriers he contacted were leery of the stated value reflecting replacement costs because of the island location. The only thing he had to offer was fire insurance excluding wildfires. Such insurance would not meet CC&R or lenders requirements

I am happy to answer any questions. Remember three directors may not discuss this except by email. I will schedule a board meeting shortly

Norris

		HAMILTON COVE INSURANCE													
		2025 PROPOSED	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
FIRE INS															
	Primary Property	\$497,605	\$523,400	\$502,764	\$445,313	\$222,075	\$196,224	\$177,470	\$173,998	\$173,998	\$173,998	\$168,095	\$168,095	\$160,949	\$132,555
\$10,000,000	Excess Property	\$206,456	\$217,203	\$221,674	\$209,500	\$64,782	\$58,371	\$53,441	\$50,943	\$24,345	\$24,345	\$24,345	\$26,915	\$64,194	\$62,500
\$10,000,000	Excess Property	\$178,767	\$177,466	\$181,772	\$158,030	\$63,450	\$73,155	\$63,574		\$24,603	\$24,603	\$24,603	\$27,183		
\$5,000,000	Excess Property	\$116,498	\$116,498	\$113,918	\$106,008	\$52,875	\$31,500	\$27,050	\$45,729	\$43,837	\$40,741	\$43,837			
\$5,000,000	Excess Property	\$105,180	\$104,148	\$94,862	\$84,600	\$79,313	\$24,875	\$22,156							
\$10,000,000	Excess Property	\$178,466	\$177,219	\$167,799	\$158,645										
\$35,000,000	Excess Property	\$138,629	\$143,372	\$129,975	\$100,388										
\$85,000,000	SUBTOTAL	\$1,421,601	\$1,459,306	\$1,412,764	\$1,262,483	\$482,494	\$384,125	\$343,691	\$270,670	\$268,675	\$266,783	\$257,784	\$256,030	\$225,043	\$195,158
	INCREASE FROM PY	-3%	3%	12%	162%	26%	12%	27%	1%	1%	3%	-3%	18%	15%	
	FIRE INS PER UNIT	\$7,684	\$7,888	\$7,637	\$6,824	\$2,608	\$2,076	\$1,858	\$1,463	\$1,452	\$1,442	\$1,393	\$1,348	\$1,216	\$1,055

