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Las Palomitas Homeowners Association
Special Meeting Minutes
Tuesday, April 9, 2024 at 5:30 PM
Zoom Virtual Meeting

<i>Board: Present</i>		<i>Staff:</i>	
X	Jim Davis , President	X	Sarah Kiernan , Managing Agent
X	Jennifer Zehr , Vice-President		
X	Casandra Maynard , Secretary/Treasurer		
X	Terry Davis , Member at Large	X	Independent Contractor
X	Helen Steinman , Member at Large		Joan Groom , Meeting Minutes
	Owners Present		
X	Mary Risberg	X	Scott McLaughlin, Firebird Agency
X	Hans Klaudt & Judith Noiseux		

I. Call to Order

The meeting was called to order at 5:32 PM. after establishing a quorum.

II. Discussion with Insurance Agent regarding increasing the deductibles

Scott gave a rough overview of the policy. It's always in 4 quadrants: property, general liability, directors and officers, client coverage. For the property, we're insuring all the buildings and structures, business and personal property. We want to make sure you are covered for all costs per your CCRs and the insurance carriers. Your current policy has guaranteed replacement cost.

What does the Association cover vs what the units are responsible for? For insurance, this covers rebuilding to original specifications with today's qualities. Each unit's agent H06 will cover improvements, betterments and upgrades.

Deductible – 10 years ago, a \$5,000 deductible was perfect. Today we're pushing \$10,000-\$25,000 to make the risk more attractive, to mitigate potential claims, and to make sure homeowners maintain their units. You're spreading the total risk to everyone and it is less likely for there to be losses. With a lower deductible, there are more claims, more frequency, more severity, and the mentality where people feel they have paid their dues and the Association policy should cover everything. This connects with the statute passed in November that allows owners to make claims on the Association policy after contacting the Board of Directors. Since that policy went into effect, there has been a spike in claims. So we want to make sure we're protecting the Association and the Board, and that the loss is above the deductible and is a covered loss.

Every loss isn't an insurable loss. If it is insurable, we want to make sure the loss exceeds the applicable deductible. Raising the deductible makes sense because it reduces the exposure for the HOA and the insurance carrier, and it spreads the risk. Today the name of the game is spreading risk. We want to make sure you are insurable not just for this year, but for the foreseeable future.

Homeowners need to go back to their insurance agent regarding H06 policy to be sure they have proper coverage with change in the HOA insurance policy. You want to be sure your carrier has the ability to pick up the HOA \$10,000-\$25,000 deductible if loss is your responsibility.

Any modification to unit after occupancy is covered by homeowner.

Property – What's covered and who's covered – BOD, elected or appointed, past or present, their spouses, management, committee members, volunteers, anyone acting on the Board's behalf. 80% of claims against BOD are injunctive relief to prove you're wrong and they are right, or discrimination based on nationality, sex, age, sexual orientation, etc. where the claim is there is a rule for them and not everyone else. We also cover breach of contract of CCRs. The other components would be civil fines, civil penalties. Other areas are crime, such a computer fraud, any way the funds could be stolen, forgery of Board signatures in compliance with Fanny May and your CCRs. We offer a \$10,000,000 umbrella above the general liability and above the BOD and officers, so you would have \$11,000,000 in liability.

General liability is 3rd party suits for property damage, bodily or personal injury.

Whenever there is a claim, contact Scott, so the claim can be investigated. Document everything as much as possible. Once the Association files a claim, they are in charge. We want to be sure the Board approves the work.

If unit owner threatens to sue, Scott needs to be notified or coverage could be jeopardized.

Water damage is one of highest claims so we advise on how to avoid it. If owner is away for 3 months and there is water damage when they return, it is considered negligence since no one was checking on the unit during owner's absence.

Once you have claims, your rate will skyrocket, so you want to do everything to prevent that. We want to make sure everything is done properly, especially at the time of renewal. It's more expensive for the HOA, than the owner.

Insurance companies expect trees to be trimmed and the association to be well maintained. If insurance company has to tell community to maintain property, that's a negative.

III. Adjournment

There being no further business, meeting was adjourned at 5:59 PM.

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Helen Steinman, Member at Large		
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