



Service Commitment & Upcoming Renewal Strategy

Tamarind Gulf and Bay Condominium Association, Inc

PCS Insurance Group Inc

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Agenda

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- Community Association Service Team
- Current Program Summary

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- Key Accomplishments/ Cost Savings Summary

III. STATE OF MARKET & RENEWAL STRATEGY:

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I.GENERAL OVERVIEW

→ Commitment

At PCS Insurance Group, service is how we set ourselves apart from our competitors. We are proud of the quality of our products and the personalized service we offer. This approach has allowed PCS to establish long term relationships with our clients and maintain a loyal group of “A” rated insurance carriers that we have partnered with for many years.

Throughout the year, our team is involved in the day to day business of providing important information to our associations, including promptly providing proof of coverage to unit owners and their lenders, effective communications with our customers regarding claims status, and consistently providing members with the knowledge they need to properly navigate their insurance programs.

Service Highlights

- ✓ Dedicated Community Association Service Team
- ✓ Unit Owner Coverage Reviews: Explanation of Master policy vs. Unit Owner policy
- ✓ Assistance with Budget Projections
- ✓ Claims Advocacy
- ✓ Competitive Financing Rates
- ✓ Loss Control Services



➔ Community Association Service Team

All PCS Insurance Group clients are assigned to a team of specialists who are dedicated to providing a wealth of resources to serve their needs. Your team will include an assigned Account Executive who is a Licensed Community Manager, a Personal Lines team with expertise in Chapter 718/720 requirements, and a Claims Team ready to advocate on your behalf. Our professionals pride themselves on excellent service, and are dedicated to using their experience and expertise to meet our clients' insurance needs. Your Service Team is committed to anticipating and fulfilling your insurance needs.

Ultimate accountability for your program is the responsibility of Anthony de la Torre and Chris Goolsby. While a number of professional staff will be active with your account on a day-to-day basis, Anthony & Chris are responsible for meeting your expectations.

Condominium Service Team Members	Position
Anthony de la Torre (813) 868-1010 ext 304 adelatorre@pcsins.com	Agent
Chris Goolsby (813) 868-1010 ext 303 cgoalsby@pcsins.com	Agent
J.R. Beneitez LCAM (813) 868-1010 ext 308 jbeneitez@pcsins.com	Account Executive
Susie Baxley (813) 868-1010 ext 301 sbaxley@pcsins.com	Claims
Mike Hughes (813) 868-1010 ext 315 certificates@pcsins.com	Certificates

Unit Owner Service Team Members	Position
Daniel Daviadoff (813) 868-1010 ext 304 ddaviadoff@pcsins.com	Unit Owner Insurance
Doug Ibarra (813) 868-1010 ext 310 dibarra@pcsins.com	Unit Owner Insurance
Nicholas French (813) 868-1010 ext 311 nfrench@pcsins.com	Unit Owner Insurance



III. SUMMARY REVIEW OF SERVICES PROVIDED

Since our relationship with Tamarind Gulf & Bay began back in 2014, we have prided ourselves on being creative, tough negotiators, and a trusted advisor. Each year, we assisted with the association's risk management goals/strategies and then developed action items to accomplish our initiatives. Strategies were developed and refined each year based on coverage needs, cost, and emerging trends in the industry. Both past and current accomplishments can assist with future strategies and direction. Listed below are cost savings, coverage enhancements, and key accomplishments:

➔ Cost Savings & Coverage Enhancements Summary

➤ 2014:
<ul style="list-style-type: none">▪ Placed the excluding wind property policy with Companion Specialty which created \$20,500 of premium savings to the Association
➤ 2015:
<ul style="list-style-type: none">▪ Engaged Dreux Isaac to secure an updated Appraisal to ensure the Association was compliant with Chapter 718.▪ Per Florida Statute (Section 627.351(6)(c)5.b.), Weston Insurance assumed the Citizens wind policy. Due to a rating error made by the prior agent, the renewal premium increased \$295,087. PCS successfully negotiated with Weston and Citizens to allow the Association to renew with Citizens for one more year. The increase was \$11k which saved the Association \$284k.
➤ 2016:
<ul style="list-style-type: none">▪ Obtained a property quote from Lloyds of London which reduced the total premium in excess of \$18,000▪ Added Ordinance or Law, Sewer Backup, and Agreed Value Coverage



➤ **2017:**

- Negotiated a \$15,000 premium reduction with incumbent property carrier at renewal

➤ **2018:**

- Due to capacity issues, hardening of the property market and the age of the existing roofs, Lloyds of London could not insure the total insurable value of \$32M at renewal. We had to build a “layered program” consisting of 3 carriers to obtain full limits of \$32M. The premium increased substantially

➤ **2019:**

- Due to a continuation of the hard market, Lloyds of London declined to participate in the renewal so we restructured the program. The program required 4 carriers to obtain full limits.

➤ **2020:**

- Engaged three brokers to market the property policy at renewal. We negotiated substantial participation from a new product offering, which was key in keeping the premium to a minimal increase

➔ Key Accomplishments

➤ **Insure 39 unit owners:**

- ✓ Identified ratings errors.
- ✓ Quoted Enhanced Coverages
- ✓ Ensured adequate limits via replacement cost estimator
- ✓ Removed duplicate Flood
- ✓ Applied mitigation credits to create savings
- ✓ Removed/Explained Water Damage exclusions

Summary of Insurance:

Tamarind Gulf and Bay Condominium Association, Inc.

Renewal: 07/01/21

Last Appraisal: 05/27/18

Agents: Anthony de la Torre; Chris Goolsby

Account Manager: J.R. Benitez



	Coverage	Deductibles	Comments	Carrier	Premium
Property					
Property	\$32,748,233	<ul style="list-style-type: none"> Named Storms: 5% per Building, subject to a \$25,000 minimum All other Wind & Hail: \$25,000 per occurrence All other Perils: \$5,000 per occurrence 	<p>Includes:</p> <ul style="list-style-type: none"> Agreed Value O/L: Full A, \$2M B & C \$100,000 Sewer Backup \$15,000 Mold 	<ul style="list-style-type: none"> Westcheseter Landmark American JEM Underwriting 	\$380,742.02
Equipment Breakdown	\$32,748,233	\$5,000 per occurrence		Travelers	\$715
General Liability					
General Aggregate	\$2,000,000	None		Aspen Specialty	\$11,490.15
Each Occurrence	\$1,000,000				
Hired Now Owned Auto	\$1,000,000				
Directors & Officers					
Aggregate	\$1,000,000	\$1,000 per claim	<p>Includes:</p> <ul style="list-style-type: none"> Employment Practices Defense Cost outside Limit of Insurance 	Aspen Specialty	Included
Crime					
Employee Dishonesty	\$1,000,000	\$5,000 per claim		Aspen Specialty	Included
Umbrella					
Aggregate	\$15,000,000	None		National Surety	\$2,262
Workers Comp					
Aggregate	\$500/\$500/\$500	None		PMA	\$1,013



III. STATE OF MARKET & RENEWAL STRATEGY

➔ Market Overview & Update

Community Associations in Florida have recently started to experience increased costs for Property Insurance. The rising cost are attributed to the considerable amount of catastrophic events (Hurricanes, Earthquakes, Wildfires, etc.) in 2016-2020 which has caused a hardening of the market. Consequently, these market conditions are resulting in fewer available options along with a reduction in capacity for many carriers. Over the next six to twelve months, we expect the property insurance marketplace to remain unstable and in transition.

General Liability premiums are also increasing for community associations due to the industry wide loss experience. Subrogation claims from unit owner carriers continue to trend upwards, while Slip and Falls are a constant, costly claim for the carriers.

➔ Strategic Planning

Careful strategic planning includes ongoing evaluation of your program's characteristics to ensure we deliver the most competitive products available. We approach strategic planning by defining your objectives and developing an organized action plan based on meeting those objectives.

Prior to every renewal, we diligently market the Association's policies to all available carriers to ensure we deliver the most comprehensive and competitive options available in the marketplace. The following is a list of leading carriers who specialize in providing property insurance to Community Associations throughout Florida. The carrier's responses, which are based on their appetite and their view of loss potential, will be provided to the board during the renewal presentation. In addition, we will present multiple deductible options, recommend coverage enhancements, and seek creative solutions for all your insurance needs.



➔ Market Summary

Insurance Carrier	Coverage
American Capital	Property
Amrisc/American Coastal	Property
Arrowhead	Property
AXIS	Property
Avondale	Property
Catalytic	Property
Centauri	Property
Colony Specialty	Property
Everest	Property
Frontline	Property
Heritage	Property
ICAT	Property
Ironshore	Property
James River	Property
Lexington (NSM)	Property
Markel	Property
Lloyds of London	Property
RSUI	Property
Sigma	Property
Sompo	Property
SRU	Property
Swiss Re	Property
Velocity	Property
Ventus (Arch)	Property
Westchester	Property



➔ Reference Article

June 1st Florida reinsurance renewals hit by “perfect storm” – TigerRisk’s O’Neill

artemis.bm/news/june-1st-florida-reinsurance-renewals-hit-by-perfect-storm-tigerrisks-oneill/

May 20th, 2020

The Florida reinsurance renewals have been hit by a “perfect storm” of market conditions, according to Tiger Risk Partners exec Brian O’Neill, who says support from core reinsurance partners will be critical to help carriers weather the storm.

As we explained yesterday, Florida reinsurance renewal pricing is reportedly up on average 20% or higher on a broad basis, but much more in individual cases where cedents have faced stress, underperformed, or come under pressure in recent years.

Yesterday, Florida-focused insurance company rating agency Demotech concluded that the year 2020 will not be “business as usual” for insurers in the state, highlighting the increased costs of catastrophe reinsurance and limited interest of those offering it as one key reason some insurers may struggle this year.

“Our view is that the financial and market-based criteria affecting residential property insurance have never been more difficult to navigate. Moreover, insurers and the reinsurers that support them have responded to eleven tropical storms and eight hurricanes over the period 2016 through 2019 in addition to the added effort and expense of dealing with COVID-19,” Demotech explained.





Changes in business models and operating plans have been announced by a number of Florida carriers, Capitol Preferred Insurance Company, People's Trust Insurance Company, and Avatar Property and Casualty Insurance Company, with more expected in future.

Joseph Petrelli, ACAS, MAAA, President and co-founder of Demotech said, "As of this date, Demotech has reviewed each of the preliminary proposed reinsurance programs for the June 1, 2020 through May 31, 2021 storm season. Reviews of final programs will follow shortly to evaluate vertical and horizontal limits purchased, the reinsurers assigned to each treaty, and the impact of the actual cost of reinsurance on the carriers' operations."

Bob Warren, CPCU, CPA, Client Services Manager, added, "I have contacted each carrier to schedule a conference call. The purpose of each call is three-fold: a review the final CAT program, discussion of first quarter results, and a review of the financial projection for the balance of 2020. We will issue affirmations as soon as these aspects of carrier analysis have been reviewed."

"Our review and analysis process is consistent with prior periods with adaptation of our process to reflect the emerging impact of COVID-19 as well as the affordability and availability of reinsurance associated with 2020 renewals," explained Barry J. Koestler, II, CFA, Chief Ratings Officer.

Brian O'Neill, Partner and Florida Client Executive at reinsurance brokerage and risk capital advisor TigerRisk also commented on the state of the Florida insurance market as the 2020 wind season begins and the catastrophe reinsurance renewals draw towards their culmination.

"We have not experienced market conditions like we are seeing this year since 2006. We are a supply and demand economy, and given the shortage of retro cover available, the loss creep from Irma and to some degree Michael, the lack of legislative reforms to fix the one-way attorney fee statutes in the state, and then throw in a Global Pandemic – you have a perfect storm hitting the June 1st renewals," O'Neill said.

Adding that, "The carriers in the state are truly performing their best to weather this storm. Support from core reinsurance partners will be critical in this environment along with creating unique risk management solutions and raising reinsurance capacity to optimally manage each carrier's operational and financial needs."

Capital is king to many of the relatively thinly capitalized Florida insurance carrier marketplace and this year capital is also expensive.



As we've been reporting, the cost-of-capital has risen across the market, on the insurance-linked securities (ILS) side due to higher investor return requirements, as well as on the traditional side where reinsurance companies face losses and are now pushing for higher increases in the rates that had already been rising even before the pandemic.

As we reported yesterday, some Florida carriers have been facing particularly significant rate increases, while the average across the market is seen as around 20% up so far.

We've also reported that some major ILS fund underwriters had downed their pens, in reaction to the pricing and terms on offer to them.

Chunks of reinsurance programs have been ceded privately, competition is high. While other programs are still looking to be filled.

A number of ILS players have been said to be growing their books, while some of the leading ILS funds are being very selective in Florida this year, looking to upsize key relationships and drop underperforming cedents.

All of which, alongside the challenges in securing sufficient retrocession, have contributed to the perfect storm that O'Neill describes.

Finally, we reported this morning that Florida Citizens CFO explained to us the reason for the withdrawal of the larger layer of its new catastrophe bond.

It's down to elevated return expectations in both the reinsurance and capital markets, making multi-year coverage far less attractive, as the insurer of last resort cannot afford to lock in at the current higher rates.

Calling pricing "irrational" Citizens CFO Jennifer Montero explained to us that the insurer would look to fill as much of the Coastal account layer of its program from the reinsurance market on a single-year basis.

The perfect storm at the Florida reinsurance renewals is forcing everyone to respond, perhaps in ways they had never envisaged would be necessary.

As ever, there will be winners and losers at this mid-year reinsurance renewals.

But, for the Florida carriers that had already been struggling, the higher costs of reinsurance capital may make legacy business models harder to sustain.