

Deb Borel

From: Deb Borel
Sent: Friday, December 15, 2023 10:24 AM
To: Deb Borel
Cc: Kelly Powers
Subject: Ponds at Blue River Insurance Update and IMPORTANT pertaining information

Hi Ponds at Blue River Owners,

The holiday lights are up, snow has been coming down and everything is looking good at the Ponds at Blue River. It has been a busy fall season, and your Board of Directors have some important updates to share.

Fall progress report:

- Robin Berm Phase 1 completed. Received Eagle's Nest HOA Grant in the amount of \$1,850.
- Asphalt crack filling and seal coating
- All irrigation lines blown out and shut-down in preparation for winter
- Gutters cleaned and heat tape repaired for the winter
- Roofs inspected and repairs completed where necessary
- Snow removal service put to bid and lower cost option selected
- Updating the Ponds Reserve Study underway
- Property insurance secured in time for January 1, 2024 renewal period!!!!

Insurance update:

As announced at the Ponds Homeowners Annual Meeting on August 19th, the Board was notified by American Family insurance that they were not renewing our property insurance coverage effective January 1, 2024. As Homeowners are aware, this is the second year in a row that the Ponds HOA has had insurance companies that have not renewed. The cost of Property Insurance has more than doubled in this period and is now the single largest expense for the HOA. As part of the Annual Budget, Homeowners approved an increase to insurance of 25% (\$103,646) for the fiscal year October 2023- September 2024.

Property Insurance is a big issue in the state of Colorado for several reasons including high winds, hail damage, and fire risk. Are you aware there have been 4 wildfires within 25,000 feet of the Ponds property in the last 5 years? Summit Resort Group, our Property Management Company, shops insurance for all 52 of their managed HOA's every year and have run into challenges with several of them.

The Board, with the assistance of Property Manager Deb Borel of Summit Resort Group, immediately went to work identifying potential carriers (i.e. State Farm, Farmer's, etc., middle, and excess carriers as well as Insurance Brokers) and prepared all the necessary documentation to seek Proposals to secure new insurance.

Unfortunately, the news initially was not positive. For example:

- American Family is not renewing any HOA that has more than 11 buildings

- Angler Mountain Ranch (AMR), located just east of the Ponds, received a quote requiring layered insurance with over a 1,000% increase in premiums. The AMR HOA made the decision to put the responsibility of property insurance on individual homeowners, who have experienced increases over 200%
- State Farm is capping Property Insurance at \$40 million total replacement value. State Farm is not interested in a project of this size for property coverage. Adverse action for Large HOA's seems to be the norm these days, and it appears now State Farm is also pulling the reins on them. We are at our capacity for such risks and aren't taking on any more soon.
- One carrier wrote, "Thank you for your patience while we reviewed. We do appreciate your time and effort to provide us with a complex profile to review. Unfortunately, at this time we cannot give approval for coverage to be quoted/bound as the total insurable interest will exceed our capacity for the amount of insurance in one geographical area."
- Castle Rock community HOA fees skyrocket after insurance premium increases by 600% in Colorado <https://www.cbsnews.com/colorado/news/castle-rock-community-hoa-fees-skyrocket-insurance-premium-increases-600-percent/>

Stressful times with many HOA's shopping for coverage and Insurance underwriters backed up with requests for proposals.

The good news!

Just last week the Board received two bids from reputable carriers that are comparable to our current policy. Both with a similar \$25,000 deductible that we currently carry.

- The first proposal had a premium of \$160,000 with no new major restrictions. This would result in a \$50-\$60 increase per month for each Homeowner.
- The second proposal we received was within our current approved budget, but has a restriction on open flame devices on balconies and patios. Most insurance companies have banned open flame devices, and by 2025, the whole industry will be going in that direction.

On Friday, the Board met face to face, reviewed the Proposals, and while realizing the impact of having to remove anything with an open flame (gas grills, heaters, firepits, etc.), made to the decision to go with the Proposal not requiring a further dues increase. Electric grills are permitted.

Recognizing the time of year (Policy begins Jan. 1, 2024) and impacts, the Board will soon be communicating changes to the Rules and Regulations. In the interim, in addition to communicating to all Homeowners that any open flame (including gas grills, heaters, fire pits, wood burning, tiki torches, etc.), all Homeowners are requested to remove any of these items from their current outdoor spaces immediately.

Options to dispose of these items include:

- Self-removal. Consider a donation to charities like the Habitat Restore in Silverthorne.
- Storing in garage until time permits for proper removal, making sure propane is completely turned off.
- Send a request to Summit Resort Group to remove or store in garage. Removal will cost the owner \$100 plus dump fee. Placing it into garage will cost the owner \$50. If owner chooses one of these options, please notify SRG of preference by December 26. All work will be done on December 29, 2023.

Please do not, under any circumstances, put any of these items in the Association Dumpsters for removal. A walk through will be conducted on December 30, and individual Homeowners who have yet to comply will be further notified.

Homeowners are also reminded:

Like years past, insurance is "single entity" coverage. Coverage of this nature includes the fixtures and finishes inside a unit, but only to the extent delivered by the developer. Any improvements and betterments (interior fixtures and finishes) installed since delivered by the developer should be insured by the individual homeowner.

Expect further communication regarding Rules and Regulation changes, additional details on disposal in the days ahead.

Board Member Kelly Powers will be the "point-person" for any questions or concerns from owners. Call or text Kelly at (515) 778-6248 or email at (kpjabba@gmail.com)

The Board thanks you in advance for your understanding and support.

Blessings,

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PLEASE NOTE - I will never email you wiring instructions. Please call me if you are asked to wire money.