

Starfish III, IV, V Condo Association
Board Meeting Minutes (Electronic)
September 14, 2020

Topic: Flood Insurance Deductible Review

- The Flood Insurance Policies for the three buildings of the Starfish III, IV, V Condo Association are due to be renewed in February 2021. Mana Jit (the Association's Management Company), as part of the process, and representing the Association contacted the insurance underwriter to see if money could be saved by raising the deductible on the flood insurance policies. It was noted that the policy for each building at that time had a \$1250 deductible.

Association President, Dick Gilbert, sent (via email) the information below to all Board members for their information and to solicit comments on whether there was an interest in raising the deductible for the Flood Insurance Policies to \$10,000, which could save costs for insurance premiums by a total of approximately \$1000 per year (with savings differing, depending on the cost of premiums for each building). Mana Jit informed the Association that the majority of the Condo Associations that they represent have elected to raise their deductible flood insurance level to \$10,000. In addition, it was noted that the floors of our lowest condo Units are approximately 10 feet above the ground level and in order to "flood", most of Ocean City and the Eastern Shore would be under water.

Following are the deductible levels for each building and their relative savings for the Association if the deductible levels were raised to \$10,000.

Starfish III (10 126th Street) / Policy # 0000085596
2021 Renewal Premium \$4,630 (1,250 deductible)
\$4,195 (10,000 deductible)

Annual return premium \$435

Starfish IV (12605 Assawoman Drive) / Policy #0000085577
2021 Renewal premium \$2,950 (1,250 deductible)
\$2,644 (10,000 deductible)

Annual return premium \$306

Starfish V (9 127th Street) / Policy # 0000085193
2021 Renewal premium \$2,448 (1,250 deductible)
\$2,217 (10,000 deductible)

Annual return premium \$231

Note that Mr. Gilbert asked Mana Jit to inquire as to why Building III has a higher premium than the other buildings. The response was that each building is rated on its merit. Where the 1st floor sits in relation to where the flood water is expected to rise is the key rating difference between the 3 buildings. See below.

*Starfish III – 1st floor elevation is 0. The water is expected to reach the 1st floor.
Starfish IV – 1st floor elevation is 1. The 1st floor is 1 foot higher. The higher the 1st floor, the better the rate.*

Starfish V – has the best rate because the 1st floor sits 2 feet above where they expect the water to rise.

Building III pays the most in premium because this building is more likely to flood. The 1st floor is right at the base flood elevation.

- **The Vote:** All Board members responding agreed to increase the flood insurance deductible to \$10,000 for the new Policy.
- **Other Business:** In other Insurance premium discussion (non-flood related), Mr. Gilbert asked Mana Jit to also prepare the differences in general Insurance Premiums of our current \$2500 deductible, \$5000 and \$10,000 (admissible by Maryland Condo Law as of October 2020) so that the Board can make that decision, as well for the February 2021 renewal period.

Mr. Gilbert noted that last year the Board maintained the current \$2500 deductible, instead of \$5000, as that is the amount that can be charged back to the Owner of the origination of property damage. Maryland now has set that amount at \$10,000 and should be covered by the deductible assessment coverage in each Condo Unit's own Insurance Policy.