

THE WATERFRONT IN NAPLES CONDOMINIUM ASSOCIATION  
IAN COMMITTEE REPORT  
February 17, 2023

1. INSURANCE CLAIM STATUS.

Our insurance adjuster works for Administrative Strategies. His initial report was completed and submitted to Hartford (our insurance carrier) on December 13, 2022. The report was based upon the adjuster's inspection that occurred October 11, 2022. The adjuster's report was attached to the 8 claims made against the Associations flood insurance, one claim for each of the 8 buildings. On Friday, February 3, 2023, the President of the Waterfront Board of Directors requested the Ian committee investigate the delays in the payment of our claims. Prior to this date the BOD had been told there were ongoing negotiations between the adjuster and the mitigation company, Wrightway (See section 4). The BOD was told that the claims were still under review by Hartford and there would be a partial payment of slightly over \$101,000 was being processed. This payment was received.

The Association's insurance agent at Brown and Brown was contacted regarding the delays. According to our agent, our claim was delayed because of a mix up at Hartford. The initial claim reviewer was no longer with the company and wasn't immediately reassigned. Based upon our inquiry a new claim reviewer was assigned. The agent was asked to expediate our claims. On Thursday February 9, 2023, the President was informed that two of the eight claims had been reviewed and checks were being mailed (\$218,140 & \$127,488).

2. CASH FLOW

Expenses incurred to date have exhausted the funds obtained from the special assessment. These expenditures included the down payments to the drywall contractors, roof repairs, and lake pump replacement. On January 20th, 2023, it was requested that the Ian committee investigate obtaining a line of credit. The Ian committee contacted the same bank that was used during Hurricane Irma recovery Irma for a line of credit. All forms were completed and returned to the bank the first week of February 2023. An approval is expected in the next two weeks.

3. INITIAL INSURANCE CLAIM.

The adjuster's initial report is over 3000 pages long. It represents 8 separate claims: one per building. It is broken down room by room then by unit with a total claim amount per building. This report is extensive and very detailed. The estimated amounts are shown for repairs/replacement etc., are based upon industry standards/costs for our zip code and reflect the damages that were present the week of October 11, 2022.

It includes demo/mitigation costs, drywall replacement and other items found to be damaged. Deductibles were applied to each building. These claims are a work-in-progress. Removal of showers and other items were not considered within the initial claim. These added items were added as the result of positive mold testing. Additional supplemental claims will be made to include these added costs. It is anticipated several supplemental claims will be made to recover all additional costs.

The initial claim does not consider the increased cost related to supply and demand. Contractors are charging higher costs for labor and supplies. A prime example is the billing from our remediation company Wrightway; it was for 3.2M... (See section 4). Our total initial claim was for slightly over 1.8M dollars. This amount does not come close to covering even our current expenses to date for demo/mold remediation and drywall installation.

Here is an example of our initial claim vs known cost for one 4-unit building.

This is Wrightway's bill for 4-unit building:	\$180,857.00
This is the Drywall contractor's bill for the same building	\$56,330.00
Total	\$237,187.00
This is the amount of our claim with the 25K has been added back into this figure.	\$125,592.00

Obviously, we will need a supplemental claim to be submitted. Owners should have or will be receiving via mail the adjuster's initial report for your unit. Please remember this is the initial adjustment only.

#### 4. SUPPLEMENTAL CLAIM WRIGHTWAY

When our insurance adjuster was contacted on Feb 3<sup>rd</sup>, it was learned that our adjuster had not been in contract with Wrightway nor had he received Wrightway's bill. A copy of the initial bill was immediately sent to our adjuster. Upon his review he indicated that it was not properly formatted. It could not be submitted to Hartford. Our insurance agent was contacted and Wrightway was instructed to submit a properly formatted bill to our adjuster. This was completed and received on Feb 6<sup>th</sup>. The adjuster indicated he will be being working on this supplemental claim beginning on Feb 13<sup>th</sup>. He will format it properly using the figures supplied.

He does not know if Hartford will cover the full amount but however believes Hartford will increase the amount recovered due to cost increases for to supply and demand. It will be up to Wrightway to provide justification to support their bill. Due to contractual issues, the contract between the Association and Wrightway has been sent to our attorney for review. Some of these issues include payment distribution of any funds received, terms of the contract and contractor's lien. Follow up with Hartford, Brown and Brown and Wrightway will be required.

#### 5. ADDITIONAL SUPPLEMENTAL CLAIMS

Our adjuster has already recognized the need for another supplemental claim outside of Wrightway. This claim would be for the additional work completed in each unit. Examples of this are: removal, replacement of the showers, shower pan, tile, and upgrade code requirements for drywall, insulation and electrical upgrades. He also recognizes the increase labor and material costs owners may see during remodeling over and above those listed in the initial claim. All of these items should be included in supplemental claims. Hartford may or may not accept all these increases, documentation and photos are key to justifying these claims. Documents such as estimates, invoices, receipts for material and labor will be needed. The adjuster would then format these correctly and submit to Hartford. Additional reports from the remediation company may be needed on items damaged when removed and/or items removed due to code improvements. The adjuster suggested using one 4 unit building where the showers have been removed, code improvements made and having written estimates/ invoices for labor and materials. With only two units to examine the claim could be formatted and submitted quickly. Any questions the Hartford has would be addressed and this would provide a template for the remaining buildings and quicken the review process.

#### 6. REIMBURSEMENT TO OWNERS

Any funds received from Hartford are paid to the Association. The Association is responsible for payment to owners for damages received. Currently the Association is responsible for paying Wrightway (demo/remediation) and the two drywall contractors. No payments have yet made to Wrightway and only partial payments to the drywall contractors. The BOD will determine the process to be used for owner reimbursement. The review of Wrightways contract by counsel, the dates payments are approved and received from Hartford and the supplemental claims will all have an impact of BOD determination and timing.

#### 7. THIRD PARTY ADJUSTER

At the February 2<sup>nd</sup> 2023 the BOD discussed hiring of a public adjuster. It was decided to continue to investigate the possibility of using a public adjuster but not at this time. This may happen in the future.