

**Special HOA Meeting**  
**Topic: Liquidation of AmCap Insurance**  
**The Village of Guste Island Estates**

HOA met on September 23, 2021, at 6:30 pm at the pool house.

The following Board members were in attendance: Delcina Betts, Ruth Ann D'Arrigo, Martha Daussat, and Sandi Puig.

Others in attendance: Egan Insurance: David Strassel

GNO Property Manager: Ronnie Lewis

GNO President: Robert Phillips

The Village meeting was opened by the new Village Board President, Delcina Betts, who introduced David Strassel of Egan Insurance and turned the floor over to him.

**David explained the following:**

Village ByLaws require our insurance carrier to provide insurance from only A-rated companies. AM Best is a barometer of fiscal health for domestic and international insurance carriers. When Am Best downgraded our carrier, AmCap Insurance rating dropped from A to C, and then immediately per our byLaws, David was legally obligated to change our policy. To make matters worse, AmCap quickly slipped into liquidation within weeks of paying our annual premium in full.

See the timeline below. Egan Insurance and the GNO management company were working on a solution, resulting in Robert Phillips, President of GNO, taking full responsibility for the delay in communication between the Village Board and himself concerning this highly unusual situation. The Village HOA finances the Insurance policy premium, a standard industry procedure.

**Timeline**

Purchase Annual Policy in Full March 3, 2021

AmCap Insurance liquidation: April 12, 2021,

Board notified by GNO of liquidation of Am Cap July 15 - resulting in new New Policy / Combined with refinance costs more than doubled our price for the remainder of the (Insurance policy year 2021/2022)

More about the Liquidation/Bankruptcy

AmCap was to benefit us because unearned premiums are supposed to be insured through Louisiana Guaranty Fund. Robert is working with the Guaranty Fund to recover our unearned premiums. Be aware that that the fund has nominal guarantees, and tiers these are:

Tier 1 and 2 (i.e., Banks) against AmCap get first legal precedent.

Tier 3 and 4 (i.e., HOA and other Real Properties), Such as our Village, are next in line.

\*imagine this like any bankruptcy; companies get paid until the money is gone.

The Super Fund provides a lump sum of \$10k towards the Villages loss. David has already applied for this on the Villages behalf.

Insurance in summary as discussed in the meeting:

Unfortunately, there is no set timeline to get the balance of \$67,724.00. The Village has no guarantees from the liquidation or bankruptcy court. We, along with others impacted by AM Cap, must do our best to move forward with our budget based on the assumption that our funds are not recoverable. The plan is to be responsible and manage ourselves frugally and set appropriate priorities.

Next steps:

While we wait for storm season to end, the Village Board will continue to make conscientious decisions.

- The storm IDA:
- At this time, priority number one is to take care of roof damage to mitigate further damage to homes. As GNO and the adjusters identify all of the issues, we will prioritize damage and work with vendors to correct all damage as quickly as possible.
- Adjusters, contractors, and other vendors are in limited supply.
- We are NOT finished with the STORM season.

The Board requested that residents be patient as they navigate through this difficult time and put things into priorities. The priority is to repair roofs and then all other repairs. David advised homeowners that the insurance policy covers repairs outside and inside the units only if a named peril caused the damage. The deductible is 2% of the valuation of each Quad. As the adjusters make their way around, we will work with GNO and ensure we make fiscally sound decisions for the entire community. We ask for patience as resources in the whole state are spread extremely thin.

Questions opened to be brought to the community:

1. Many questioned a deeper understanding of the difference between HO3 and HO6 insurance. The Board advises owners to have this conversation with their insurance carriers, and each mortgage company has different requirements. The HOA current By-Law states a condition of a minimum of H06 (Condo). Each family's personal needs are unique.
2. Homeowners request more transparency, quarterly meetings, and understanding the by-laws and what items homeowners are responsible for maintaining. The Board is addressing this by way of the Newsletter, email, and other vehicles as needed.
3. The dissatisfaction of Homeowners not being aware of the insurance matter until August 2021.
4. Homeowners are concerned about the number of units that are now rental properties.
5. The newest committee created by the HOA Board: Insurance Review

The Board of Directors assured the homeowners that we hear and acknowledge their concerns and, when presenting new solutions, will work on solutions that will include homeowner's recommendations and input. Homeowners expressed their satisfaction with the meeting and the information provided.

Meeting ended at 8:30 pm.