



Kinser Insurance Agency

Serving Mountain & Resort Towns

1495 Pine Grove Rd, Ste 201A
Steamboat Springs, CO 80487
970-879-1330 (Office)
jkinser@farmersagent.com
www.farmersagent.com/jkinser
www.KinserInsurance.com

February 8, 2021

Dillon Bay in Corinthian Hill Condominium Association
Attn: Josh Shramo
PO Box 915
Silverthorne, CO 80498

Re: Policy # 604404241

Josh:

You will be receiving or have already received the policy renewal for Dillon Bay in Corinthian Hill Condominium Association directly from our service center. We also review your policy here in the office and negotiate for your rates on an annual basis. An outline of current and recommended coverage is indicated below:

Building Value:

The building limit was increased by the "inflation guard" process of 5% to \$11,510,800. Additionally, the building ordinance limits were increased by 5% by underwriting. Overall, the premium has increased to \$18,336. The increase is being driven by the claim on 7/11/2020, in which \$92,499.11 was paid out for damages from backup sewer and drain.

Building Ordinances:

Please be aware that as buildings age, coverages for code changes become increasingly important. For example, we have seen buildings require the addition of a sprinkler system, installation of elevators, or installation of gas fireplaces, in addition to upgrades to current construction quality after a large or total loss.

- The current coverage for Building Ordinance Demolition is \$122,700. This covers the cost of demolition and removal of debris of the undamaged portion of the building if demolition is required by building ordinance or law.
- The limit for the Building Ordinance Additional Cost of Construction (ACC) is \$613,400, which covers increased cost to repair, reconstruct or remodel the damaged part of the building to comply with a building ordinance or law.

Please review these coverages to make sure you are adequately insured. 10% of the value of the largest building is a baseline estimate for adequacy.

Property Deductible:

The property deductible is currently \$5,000.

Employee Dishonesty Coverage and Deductible:

The employee dishonesty limit is currently \$400,000, with a \$500 deductible. Colorado state regulations requires that certain Fidelity limits and deductibles are maintained. The limit must not be less than 2 months of current assessments plus reserves, as calculated from the Association's current budget, or \$50,000, whichever is greater. The Fidelity deductible must not exceed one percent of the coverage limit. Please contact us about increasing your Fidelity (Employee Dishonesty) coverage if needed to comply with Colorado statutes.

Specified Property:

Please be aware that the Specified Property coverage is at a limit of \$2,500. Specified property coverage pays for direct physical loss or damage to fences, retaining walls, walkways, driveways and exterior pools at the described premises. Please let us know if you would like to increase or discuss this limit.

Backup Sewer and Drain:

The backup of sewer and drain limit is currently \$250,000.

Umbrella policy:

Currently, the association carries a \$1,000,000 Farmers Umbrella Policy. If you are interested in obtaining a quote for additional umbrella limits, please let us know.

Dillon Bay in Corinthian Hill Condominium Association is currently insured on a Farmers "Primary" Habitational package policy. If the association is interested, it may elect to move to a broader package within Farmers referred to as "Premier". Originally, the primary benefit of the broader package was Mechanical Breakdown coverage for associations with centrally owned and operated equipment servicing the entire association (i.e. central boilers). We are now recommending "Premier" coverage to most associations, not only for the additional of Mechanical Breakdown coverage, but also more expansive Extended Replacement Cost at 150%, the ability to remove coinsurance language from the policy language, broadened Specified Property coverage, and wind coverage for Outdoor Property, among other reasons. Pricing for this option would result in additional premium of \$193. The annual premium with this change would be \$18,529. Please advise if desired.

Billing:

Your renewal date is 4/1/2021. To continue the Farmers coverage, simply pay your current Semi-Annual billing on your account number F006072331-001-00001. Farmers Insurance offers online ongoing or one-time EFT payments, credit card payments or a variety of mail in payment installment options. If you have any questions about your billing, please contact us at your convenience.

Your commercial insurance business is important to us. Please do not hesitate to call so we can discuss these coverages, as they can be quite complex.

Sincerely,

Kinser Insurance Agency, Inc.

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