



PRESTONWOOD COUNTRY CLUB CONDOMINIUM ASSOCIATION, INC.

October 9, 2023

Assessment Rate for 2024 – Insurance Premium Increase

Homeowner,

At the September Board Meeting the proposed 2024 Budget was approved. It includes a 7.5 cent per square foot, per month increase which will begin 1/1/2024 and will take the rate from 46.5 to 54 cents per square foot. * This follows the 5-cent increase for 2023 which was also the result of increased insurance costs. **

The meeting was attended by Rod and Alex Medlin and Kylie Proffitt of Scarbrough-Medlin and Associates insurance company. Rod spoke and answered questions helping the owners in attendance understand the commercial insurance business, the reason rates have increased radically in the past 2 years and a potential way to shift costs in 2024.

For Texas and the entire country, 2020 was the highest year of paid property claims in history – 2022 was six times greater. Unfortunately, the scale of these losses has impacted all renewals. Fortunately, the damage to the community was only \$27,000 and since our deductible is \$50,000, a claim was not filed. Not having a loss during this time prevented an even greater premium increase.

Commercial insurance is different from residential in two fundamental ways: 1) the companies are all international and, 2) they will only work with one broker per property, per year. Only a broker with a signed commitment from the property can receive bids. Therefore, a broker is not selected because of being able to provide competitive rates. They are chosen for the services they provide in advising about the types of coverage needed and assistance when there is a potential or actual claim.

Scarbrough-Medlin, Rod Medlin, has represented the Association since 2015 and has repeatedly provided advice or brought in other professionals, at their cost, to avoid premiums on unneeded coverage or prevent claims/losses.

This year 15 insurance companies were asked to provide quotes and the best terms were found by layering the coverage between 4 different companies. While our Property Premium increased 99%, this is at the low end of increases. Associations represented by Scarbrough-Medlin had increases ranging from our 99% all the way to 300%.

The Board is working with our legal and insurance professionals to determine if, rather than buying down the deductible in 2024, the premium could be passed on to the owner's insurance policies. At this time, there seems to be no other option for bringing insurance costs down.

Please review the enclosed Expenses 2017 Actual/2023 Projected/2024 Budget for a clear picture of how your assessment dollars are spent.

Sincerely,
Carrie Bailey, CMCA
Operations Manager

*This unprecedented increase is needed to pay for the \$225,555 rise in the Property Coverage Premium.

** The increase of 5 cents for 2023 was to buy the Wind-Hail Deductible from 5% of the property value, \$1,846,618, to 1%, \$369,334, which cost \$180,964.