



Chateau Mont Condominiums Unit Owners Association
HALL ASSOCIATES, INC MANAGING AGENT (540) 982-0011
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Chrissy Greene/V. P. of Association Management – cgreene@hallassociatesinc.com

MINUTES
BOARD OF DIRECTORS MEETING

January 31, 2024
South County Library

Pending Review/Approval at Next Board Meeting

Board Members Present:	Bob Powers	President	2026
	Bob Kaplan	Vice President	2024
	Lori Baker	Secretary/Treasurer	2025

Board Members Absent: None

Others Present:	Chrissy Greene	V.P. of Association Management
	Terry and Martha Apple	Unit Owners
	Cheryl Borek	Unit Owner
	Rich and Merrily Eckert	Unit Owners
	Charlene Greer	Unit Owner
	Gregg and Donna Hardee	Unit Owners
	Deborah Kaplan	Unit Owner
	Heinke McDade	Unit Owner
	David Thurlow	Unit Owner
	Nancy Warren	Unit Owner
	Richard Wilkinson	Unit Owner

I. DETERMINE QUORUM AND CALL TO ORDER

A quorum was met with all Board Members in attendance at the South County Library. The meeting was called to order at 10:33 AM.

II. BUSINESS

Insurance:

Vice President Bob Kaplan provided the following update regarding the association's insurance coverage.

At the last Board meeting on January 17th, management reported that the association's local agent, Beveridge & Akers, was having issues securing insurance for the building. Management was working with the agent to lock down coverage. On Friday, January 19th, Chrissy Greene contacted Beveridge & Akers to confirm that there was insurance in place while they were still seeking a new carrier. Beveridge advised that they had been unable to secure insurance on the building and Chateau Mont had not had insurance since January 1st. The best they were able to do was to secure a policy that provided extremely limited coverage (a one million dollar policy on a building

previously insured at over \$16,000,000). The Board had been led to believe that, although Nationwide, the association's carrier of many years was dropping the association, it was still covered and that there were many other carriers that Beveridge represented, so they should be able to secure coverage. Obviously, the Board now knows that this was not the case. Having found out on Friday January 19th that the association had no coverage, the Board took **immediate** action. The following are the steps taken by the Board:

1. Saturday January 20th, we contacted Dick Wilkinson, our neighbor in the building, who has an extensive career in real estate development and property management. We hoped that Dick would have some contacts in his professional world who could help us. He did.
2. On Monday morning, January 22, Dick immediately contacted his own insurance broker, Brown & Brown, whose company has a nationwide footprint, to explain the situation and ask for help.
3. We met by phone with the broker on Tuesday January 23rd to provide the basic necessary information he would need to try to get us insurance coverage.
4. Throughout the week we had multiple conversations with Dick, Chrissy and the broker to work through the process to getting us coverage.

Last Friday, January 26th, the agent recommended by Mr. Wilkinson (Brown and Brown) secured coverage on the building, actually giving the Board 2 different options from which to choose. Management wired funds immediately to bind the coverage, effective immediately, Friday afternoon. The building is now insured. The Board, with the help of Dick Wilkinson and Chrissy Greene, was able to secure coverage within 5 days of learning of the issue.

This coverage comes at a very steep price. The association had budgeted approximately \$40,000 for insurance for 2024. The association is now having to pay approximately \$95,000. It was imperative to get the building insured as soon as possible to not only protect the physical structure, but to protect each and every owner and the investments in all units. The Board had to painfully accept that this was the cost to get immediate insurance to protect all owners. There are some identifiable reasons why the insurance has increased so much.

1. The entire insurance industry is in fact in a state of turmoil right now due to major claims being paid throughout the entire industry.
2. Unknown to the Board, Nationwide, in an effort to increase their share of the market, had apparently been underpricing premiums for years, which apparently made our rates for the last years artificially low.
3. The insurance lapsed and insurers don't like this. They factor higher rates when they have to reinsure a lapsed policy.

The Board is going to carefully review the budget and see how much can comfortably be pulled out of Operating Reserve to help cover this unexpected and dramatic rise in the insurance

premium. However, realistically, it does not appear that there is any way to cover this entire expense without a special assessment which will be considered in the next, regularly scheduled April meeting.

The Board is sorry to have to deliver this information to owners. The Board's actions were taken always with the best interest of all owners in mind.

In the midst of everything that happened last week when we were working hard to secure coverage, the Board also had a Zoom meeting with Gary Beveridge, the local insurance agent. In addition to the Board members and Chrissy Greene with Hall Associates, Richard Wilkinson and the association's attorney from Chadwick, Washington, Moriarty, Elmore and Bunn were on the Zoom call. In that meeting, Mr. Beveridge informed the Board that his office had been notified the first week of October that Nationwide was not going to renew the policy. The Board stated that the agent and management should have notified the Board of the non-renewal.

Mr. Beveridge offered the following reasons for the non-renewal:

1. The insurance market is tough right now.
2. The association had a major claim last year.
3. Insurance companies don't want to insure buildings over 25 years old.
4. Insurance companies don't want to insure buildings over 2 stories.
5. Something like this has never happened to their office before (unable to secure a replacement policy).
6. Their office believed they would be able to get the association coverage.
7. Mr. Beveridge stated that management had been informed, via an official notification letter sent in October, that Nationwide had cancelled the policy. Management did not receive the letter that Nationwide claims they sent and the letter was not sent by certified mail, so no tracking is available.

Management acknowledges that an employee of Beveridge & Akers sent an email the first week of October regarding the cancellation. That email included notice of five communities, not just Chateau Mont. However, the agent was working on replacement policy options to be presented to the Board, so management was waiting on those to present to the Board for consideration, with the notice.

The Board regrets having to deliver this news to all owners, but wanted to provide everyone with the complete circumstances and timeline as to what has occurred. If the Board had been informed on a timely basis of this serious problem, the Board could have responded on a timely basis and made sure that Chateau Mont would not have had this short time with lapsed coverage and could have proactively found insurance during the time that the soon-to-expire policy was still in force.

The floor was opened to questions. Discussion ensued with owners. No action was taken at this time.

III. OWNERS FORUM

Any owner can attend the meeting to observe. They may also speak on any subject to the Board during the 15-minute owner's forum. Items noted in the forum will be taken under consideration for a future agenda. Unit owners wishing to have a subject added to the current agenda must submit the information in writing to Management at least 10 days in advance so that the Board has an opportunity to research the issue before rendering an opinion or decision. Owners wishing to attend the meeting should check with Management prior to the meeting in case the time or location has been changed.

All owners were given an opportunity to speak and ask questions at the end of the Board's presentation.

IV. EXECUTIVE SESSION

There was no need for an Executive Session.

V. DATE, TIME & LOCATION OF NEXT MEETING

The next Board meeting will be held on Wednesday April 17th at 10:30 AM at the South County Library.

VI. ADJOURNMENT

The meeting was adjourned at 11:31 AM.