

RE: Snowcrest Insurance

We are writing to inform you of an important vote that will be cast via ballot, as soon as the ballot is turned over from the association's attorney. This vote would reduce the association's insurance responsibility from 'all in' to 'bare walls', and overall, reduce the limit of insurance the association needs to carry.

Most owners may already have policies covering 'walls in,' and for those, the proposed change will not impact their coverage. Currently, our association's insurance covers the structure, each unit, and all internal fixtures. The proposed 'bare walls' coverage would mean the association insures only the structure up to the bare drywall in each unit, with individual policies covering interior fixtures.

The insurance climate in Colorado has become unfavorable for associations in recent years. Colorado is now the 3rd most difficult and least profitable state for insurance carriers to quote in, and as a result, many carriers have left the Colorado market and sent an increasing number of non-renewals.

Like many others, Snowcrest received a non-renewal notice. Upon shopping with Farmers, American Family, State Farm, Shondeck Insurance, Mountain West, Hub International, and Professional Independent Insurance Agents of Colorado (a state of Colorado appointed resource), we were unable to obtain a quote from an admitted carrier. Denials cited reasons such as the high insurance limits required, the presence of wood-burning fireplaces, percentages of second homes and short-term rentals exceeding 50%, and the overall age of the complex. We obtained a single quote from an excess and surplus carrier. This layered carrier quote is resulting in an annual premium of \$181,157 for \$10 Million in coverage (this is half the coverage for 3x the cost). The Board of Directors has made the difficult decision to accept this quote for the minimum earned premium period of 3 months. This decision ensures continuous coverage while we work to implement the bare walls insurance amendment. By doing so, we aim to explore additional carrier options, secure coverage at a lower limit, and ideally transition to a policy with an admitted carrier offering more reasonable premiums.

After careful consideration, the Board has decided to cover this premium increase with a \$100 dues increase, effective May 1, 2025. This adjustment in combination with left over funds from the bridge project, will accommodate the higher premiums for three months, after which we anticipate finding a more cost-effective insurance solution. All owners will be mailed and emailed a ballot to vote on this amendment as soon as the ballot is prepared. We need approval from at least 67% of the total membership for this ballot to pass, and as such, the Board of Directors and Management will be working to answer questions from all owners and ensure everyone is able to understand this amendment and cast a vote.