

# *The Lake Winona Civic Association*

P.O. Box 177 Lake Hopatcong NJ 07849

treasurer@lakewinona.org

June 1, 2024

Dear Lake Winona Property Owner:

## **What:**

This letter is meant to inform our members as early as possible of the increase in dues expected in the year 2025 and beyond. The Lake Winona Civic Association must possess a general liability insurance policy. The insurance carrier that we have been using for several years recently issued a non-renewal notification, effective 2/28/24 (see Appendix). This change in status required our Association to seek an alternative insurance carrier. Although we budget annually for expected insurance cost increases, the only carrier that was willing to insure us was 550% higher than our previous premium. We have attached a list of carriers who denied our request (See Appendix)

In addition, we understand a new law has been passed, which may require LWCA to have a reserve study completed to ensure that there are adequate emergency reserves for property repairs. We are in the process of evaluating this new law, but expect that the reserve requirements *may* also require an increase to dues next year.

## **Why:**

The reason we received a non-renewal letter from our previous insurance carrier was stated as: “due to the high hazard dam exposure”. Although the LWCA board has actively pursued numerous avenues to advance the repair of our lake’s dam, the New Jersey State Legislature’s inability to finalize the appropriations of funding has put us in a position where we are unable to progress the repair at this time. As a reference, the bill number for this legislative session is S2594/A3951 [www.njleg.state.nj.us/bill-/2024/A3951](http://www.njleg.state.nj.us/bill-/2024/A3951)

## **When:**

Lake Winona emergency savings were used to purchase the liability policy for 2024.

Effective 2025: the LWCA will need to replenish the depleted funds used to purchase the 2024 policy (minus the originally budgeted amount). *The replenishment of depleted funds for the **2024 policy** is estimated to be \$180/property.*

Additionally, effective 2025 & beyond: As noted above per the new law regarding reserves, we *may* need to incorporate an Emergency Reserve budget line item in the annual budget.

## **How:**

We are providing you as much advanced notice as possible so you can prepare for these increased costs in next year’s billing. To mitigate this issue in the future, we will be adjusting our annual billing timing so that our budget reflects the actual (not estimated) insurance premium costs for the policy year.

To summarize, here is the expected impact to all Lake Winona Property Owners:

- **2025 Dues Invoice** will be mailed after the 2025 Insurance Policy cost has been determined and incorporated into the annual budget. Expect the invoice to be received any time after March 1, 2025.
- The **2025 LWCA annual budget**, which is used to determine the dues per property owner, **is expected to increase, because of the expected insurance policy costs for the 2025 policy period.** Again, we will not know the exact amount until we receive our policy renewal options in early 2025. *When we have the renewal, we will communicate what the increase per property is.*
- The **2025 LWCA annual budget**, which is used to determine the dues per property owner, *may increase* an additional amount, **due to the new law regarding adding an emergency reserves line item to our budget.** To date, we have not included such a line item in our dues budgeting. Again, we are not certain

how or if this law will affect Lake Winona, and are consulting with our legal counsel to better understand this requirement. Should it be required, all Lake Winona property owners will be notified of the impact.

- The **2025 Dues Invoice** will include a **one-time fee** for replenishment of the emergency fund used to purchase the **2024** insurance policy. Estimated cost is **\$180 per property**.
- As stated, the total **2025 Dues Invoice** cannot be fully determined at this time because of the unknown cost of the 2025 Insurance Premium and the possible effects of the pending emergency reserves law.

It is always our intent to be as transparent as possible with Lake Winona expenses. Again, the purpose of this letter is to provide you with information and as much advanced notice as possible.

We will be hosting a Lake Winona Community Meeting at the clubhouse (49 Winona Trail) to address property owner questions specific to the matters contained in this letter.

The meeting will take place on **Monday July 22, 2024 6:30-8:00 PM**. A zoom link will be made available to anyone requesting it. Please notify [treasurer@lakewinona.org](mailto:treasurer@lakewinona.org) if you would like to access the meeting virtually.

If you would like to submit questions prior to the meeting, please email [treasurer@lakewinona.org](mailto:treasurer@lakewinona.org). General questions will be compiled and addressed at the community meeting. As applicable, questions requiring individual responses will be reviewed and handled individually following the meeting.

Thank You,

LWCA Board

Appendix:

PHILADELPHIA INDEMNITY INSURANCE COMPANY  
1-877-438-7459  
ONE BALA PLAZA, SUITE 100  
BALA CYNWYD PA 19004  
NOTICE OF NONRENEWAL OF INSURANCE

Named Insured & Mailing Address:  
  
LAKE WINONA CIVIC ASSOCIATION  
PO BOX 177  
C/O CORTNEY DAVIS  
LAKE HOPATCONG NJ 07849

Producer: 0001024  
  
BROWN & BROWN INSURANCE SERVICES, INC.  
3001 EMRICK BLVD STE 120  
BETHLEHEM PA 18020

Policy No.: PHPK2522921  
Type of Policy: PU :HOMEOWNER ASSN. PKG  
Date of Expiration: 02/28/2024; 12:01 A.M. Local Time at the mailing address of the Named Insured.

We will not renew this policy when it expires. Your insurance will cease on the Expiration Date shown above.

The reason for nonrenewal is *Due to the high hazard dam exposure*

Marketing Summary

On your behalf, we have marketed your insurance program to a leading carrier(s) who specializes in your industry. Their responses are based on their underwriting appetite and their view of your loss potential.

| Line of Business             | Insurance Carrier               | Marketing Result               |
|------------------------------|---------------------------------|--------------------------------|
| General Liability / Property | Amtrust – E&S                   | Indicated / then declined      |
|                              | Avondale                        | declined                       |
|                              | Axis                            | declined                       |
|                              | Core                            | declined                       |
|                              | Selective Insurance             | No response                    |
|                              | Hamilton                        | declined                       |
|                              | JR                              | declined                       |
|                              | Kinsale                         | declined                       |
|                              | Lexington                       | declined                       |
|                              | Markel                          | declined                       |
|                              | McGowan                         | declined                       |
|                              | Mission                         | declined                       |
|                              | Richmond                        | declined                       |
|                              | WKFC Underwriting Managers      | declined                       |
|                              | Twenty Mile                     | declined                       |
|                              | Ascot                           | declined                       |
|                              | Mesa Underwriters Specialty Ins | Quote \$70,452 plus tax & fees |
|                              | LIO Insurance                   | declined                       |
|                              | Chubb                           | declined                       |
|                              | Travelers                       | declined                       |
|                              | Amtrust                         | no response, yet               |
|                              | USLI                            | no reponse                     |
|                              |                                 |                                |