

Memo

To: Jolly Harbour Homeowners
From: Joseph Krohn – Chief Financial Officer
Date: November 3, 2022
Subject: Jolly Harbour Community Property Insurance

The Jolly Harbour community assets have been without property insurance for many years now. As you can see from the quotation directly below from our Insurance Broker the cost to fully insure the JH community assets is very expensive.

Jolly Harbour Community Property Insurance Quote

INSURANCE QUOTE		
	Reserve Study Replacement Cost ECD \$	Cost to Insure USD \$
Sea Wall	\$ 32,000,000	\$ 118,518.52
Water Tower & Infrastructure, piping, meters etc	\$ 11,000,000	\$ 40,740.74
3 x Generators including Switchgears Fuel Storage Tanks	\$ 5,500,000	\$ 20,370.37
Concrete Streets	\$ 26,500,000	\$ 98,148.15
Sewage Plant + Lift Stations + infrastructure	\$ 10,750,000	\$ 39,814.81
Fuel Storage Tanks	\$ 2,835,000	\$ 10,500.00
Communication Systems (Internet Conduit)	\$ 2,000,000	\$ 7,407.41
Warehouse, Mtce Shed, Nursery	\$ 2,500,000	\$ 9,259.26
Electrical systems, cabling, light poles and fixtures	\$ 14,600,000	\$ 54,074.07
Bridges	\$ 3,100,000	\$ 11,481.48
Contents of Warehouse	\$ 1,000,000	\$ 3,703.70
Administrative computers, switch, desks, chairs, copiers and eqpt	\$ 400,000	\$ 1,481.48
Security Booths & Gate Equipment	\$ 450,000	\$ 1,666.67
Total Sum Insured	\$ 112,635,000	\$ 417,167
Annual Insurance cost USD \$ with 2% deductible	\$ 417,167	USD

There are many options to save insurance premium expense such as reducing insured values and/or increasing the deductible. However, if insured values are reduced below 85% of replacement cost, then the insurer will apply what's known as the Average clause. The Average clause states that the insurer can reduce a claim proportionately to the amount of under insurance, i.e., if an item of property is insured for only 50% of its insurable value, only 50% of the amount claimed will be paid by insurers. Choosing to under insure means that the JH Community will take upon itself a greater lever of risk. The Insurance Broker has advised we could also self-insure certain items where the risk exposure is minimal such as the roads. One alternative option would be for the JH Community to set aside a fixed sum of money annually, i.e., \$100,000 USD every year (Self Insured) to cover the cost of any potential future loss.

I have arranged for Tomlin Insurance Brokers to do a property insurance presentation to the community and be available to answer any questions during our community meeting on November 29, 2022.

Kind regards,



Chief Financial Officer - Joseph Krohn