



Anker Management Corp.
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To: The Members and Residents of Old Farm Lake Association, Inc.

From: Mary T. Hartnett, RAM
Director of Management

Re: Insurance Policy

Date: August 2002

The Board of Directors and Managing Agent would like to respond to the memo recently distributed by George Gorman, which you may or may not have received. In order to put everyone's mind at ease we would like to make you aware of the following:

SKCG Group, Inc. is the current Insurance Agent for Old Farm Lake Association, Inc.

SKCG has advised me that they have sent many certificates of insurance to mortgage companies of Homeowners of Old Farm Lake and as of this date no mortgage company has refused to accept the certificate, which outlines the insurance coverage for Old Farm Lake Association, Inc. Most mortgage companies rely on the rating of the underwriter, which is rated "A- excellent".

Our current insurance provider, QBE International, is a multinational firm with offices all over the world. In fact, they maintain an office on Wall Street in New York City.

In reviewing our current policy, the coverage is designed to provide some of the broadest provisions available in today's market. Some of the highlights of your policy are as follows:

- GUARANTEED REPLACEMENT COST coverage for all buildings, structures and community personal property
- BOILER & MACHINERY coverage included in the package policy. Coverage is written on a Guaranteed Replacement Cost basis and also includes building ordinance or law coverage's. Damage caused by mechanical breakdown, including rupture or bursting
- DIRECTORS & OFFICERS LIABILITY – Provides defense costs for non-pecuniary claims. Full prior acts coverage. Defense costs are outside of limits for money damages.
- Property manager and firm included in both the Directors & Officers Liability and the Employee Dishonesty coverage.
- Fidelity coverage also includes Computer Fraud and Depositors Forgery.

(over please)

Finally, from a cost standpoint, we are currently paying \$ 47,700.00 per year for this coverage. Additional quotes were obtained from other insurance companies that were at least double, and even triple, the premium we are currently being charged. At this time, the Board of Directors and Managing Agent has made arrangements to seek new proposals from other insurers, and has coordinated a meeting with our current Insurance Agency to discuss the different options as well as the premiums.

In the interim, should you experience any difficulty with your mortgage company due to the current policy, please fax a copy of the letter you receive to 914-347-0352. This matter will then be brought to the attention of your Old Farm Lake Board of Directors.