

Homeowner Notice Regarding Mammoth Estates Master Insurance Policy

The Board would like to highlight certain aspects of the association Master Insurance Policy to assist Unit Owners when obtaining their own separate condominium policies.

Earthquake Coverage Deductible

The Mammoth Estates Master Insurance policy has an Earthquake Endorsement. The Endorsement carries a 20% deductible. It is the opinion of the Board that with such a large deductible, in the event of a loss, it is likely the Board of Directors would charge a special assessment to Unit Owners to aid in reconstruction. Unit Owners should be aware that they can obtain relatively inexpensive insurance from the California Earthquake Authority, with loss assessment coverage to provide protection. Please feel free to visit the California Earthquake Authority website at to see earthquake coverage options. <https://www.earthquakeauthority.com/California-Earthquake-Insurance-Policies/Condominium> for additional information on Condo Earthquake insurance coverage.

To give you a hypothetical example: if the association were to suffer a complete loss the cost to rebuild is estimated to be \$30 million. In that event the assessment to Unit Owners would be \$6 million (20% of \$30 million). Since this \$6 million assessment is spread over 78 units, this special assessment would be approx. \$75,000 per unit if spread evenly.

Regarding damage from other perils, such as fire, the association master policy covers nearly 100% of the loss (up to its blanket coverage amount) with the exception of a \$10,000 deductible. Therefore it's not as likely a large special assessment would be needed as a result of fire damage. But loss assessment coverage is suggested on Unit Owners Policies. Please discuss with your insurance professional.

Interior Improvements covered in the Master Insurance Policy

Mammoth Estates Master policy coverage for building property extends to building and structures as well as fixtures, *improvements and alterations* that are part of the building or structure, and appliances such as those used for refrigerating, ventilating, cooking, dishwashing, laundering. But the Master Policy does not include personal property owned by, used by, or in the care, custody or control of a unit owner.

Recommendation

The Mammoth Estates Board recommends that Unit Owners please review and consider two policies:

- 1) Condo Unit-owner's Policy, also known as a Cooperative Unit Policy, or HO6.
This policy will cover liability, personal property, and loss assessment protection among others.
- 2) California Earthquake Authority (CEA) Policy, with loss assessment endorsement.

Taken together, these two policies offer individual Unit-Owners the best supplemental insurance protection available in California.

If you would like to contact State Farm to discuss Earthquake and HO6 policy options or to get information regarding the Master Insurance Policy coverages, please contact Dave Easterby in Mammoth at (760) 934-7575. If you would like to speak with the association property manager, you may contact Julie and Gary Thompson at (760) 934-2884. If you would like to speak to someone on our Board of Directors, feel free to contact Dan Sherby (Insurance Committee) at (949) 973-3677.