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Subject: Revised Document per feedback! Los Cocos Insurance

I have put together a summary to help Los Cocos Homeowners make informed decisions on their insurance coverage. This information was obtained from our CC&R's, our Los Cocos master insurance policy and information from our State Farm representatives.

It's important to note that the HOA purchases building coverage for our units on a master blanket policy with a limit of \$20,747,200 and a deductible of \$5,000 per occurrence, not per unit. If a fire were to damage multiple units, we would only incur one \$5,000 deductible. We also have replacement cost coverage at 120% of the insured limit, and an additional 10% limit for Building Ordinance or Law Coverage, if needed, to bring our properties up to current code. The master policy only insures the actual structure, which includes the drywall and compound finish, along with windows and exterior doors.

The standard condominium policy provides coverage for Dwelling, Personal Property, Loss of Use, Personal Liability, and Medical Payments. Please see below for what you need to insure under a Condominium Policy to protect your investment. For purposes of this discussion, we are limiting to Dwelling and Personal Property. It is recommended that you purchase this coverage with the Replacement Cost option.

Dwelling - This coverage would include: Fixed Floor and Wall Coverings, Bathroom and Kitchen Cabinets and Countertops, Fixtures (Sinks, Tubs, Showers, Faucets, Toilets, & Lighting Fixtures), Built in Appliances such as Cook Tops or Microwaves, Wet Bar, Custom Blinds or Shutters, Custom Closets, and Built in Garage Cabinets. Any additional building or structural improvements, such as skylights or finished attic space, would be included under the dwelling limit.

Personal Property- This coverage would include Furniture, Appliances (not built in) Decorations, Clothes, Artwork, Jewelry, Area Rugs, Computers, Dishes and Glassware, and other personal items. Please note that most policies have very limited coverage for jewelry, artwork, and money/securities, you should talk to you carrier about purchasing additional limits or adding a floater to your coverage.

A good rule of thumb follows this logic. If you were to take your house and turn it upside down, all the items that stay in place would be covered under dwelling, while everything that moves would be covered under personal property.

Los Cocos also provides coverage for Earthquake insurance. This is purchased on a blanket limit, but the deductible works differently. The Earthquake Deductible per individual unit is \$56,910. If we were to have a catastrophic EQ the HOA could assess each homeowner for the \$56,910 in order to rebuild. You can choose to self insure this expense or you may purchase coverage through the California Earthquake Authority (CEA). The annual cost for \$50,000 in loss assessment coverage will run approximately \$500-\$600 depending on your deductible. This is for loss assessment only. You may also wish to insure the dwelling and personal property exposures we discussed above for the EQ peril which will add to your overall premium costs.

This is not meant to be an all inclusive review of coverages and perils, but rather a high level overview to provide clarification on what that Los Cocos HOA provides through our coverage with State Farm vs. what the homeowners should be securing on their own behalf. Please feel free to reach out with additional questions.

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