



February 17, 2021

Dear PGA WEST Residential Association Homeowner,

As you may be aware, at Board Meetings in late 2020 and in January 2021, the Board has been exploring Motus Insurance Services. Motus specializes in Earthquake Insurance for owners who are Association members. Annually the Board of Directors faces the dilemma of whether to purchase Earthquake Insurance, or to take the risk of not purchasing it. The Association's CC&R's Article X, §1, Types of Insurance Coverage; (F) states that the Board is not required to purchase earthquake insurance; however, historically your Association's Boards of Directors have opted to obtain earthquake insurance. This action has been taken because the risk for significant earthquake damage exists; therefore, purchasing the insurance has been viewed as prudent and in the overall best interest of the Association.

There are several reasons that the Board has been investigating Motus earthquake insurance options.

- PGA WEST is situated in close proximity to the San Andreas Fault; seismologists predict that at some point, there will be a substantial earthquake on this fault, although, no one actually knows when such an event will occur.
- The Association's total insurable value is in excess of \$540M; however, the Association's earthquake policy is currently at \$15M in coverage, with a 30% deductible.
- The trend over the past decade in earthquake insurance, has been increased premiums, with increased deductibles, and decreased coverage. To reduce the impact on our Association Fees, the Board has reluctantly had to reduce earthquake coverage over the years.
- The Association would like for all owners to carry some earthquake insurance to offset any shortfall in covering damage to common areas and structures, which would ultimately be passed to the homeowners via a special assessment.
- The Association's earthquake policy deductible is 30% per building, and is assessed to the owners; consequently, insurance to compensate for the homeowners' deductible cost is sensible.
- Some owners have earthquake insurance through CEA or other carriers, but the coverage is often limited, and exclusions are prevalent.

What we have learned to date about Motus is that their policy issuing companies include Aegis Security Insurance Company and Palomar Insurance Company, both A- rated companies who offer expansive earthquake coverage at a reduced rate relative to CEA. The Motus insurance option is something we highly recommend that you familiarize yourself with. [Please click here](#) to access some basic information regarding what Motus has to offer. In the coming weeks, you will have an opportunity to attend informative Motus sponsored webinars and communicate directly with a Motus specialist, who can assist you in evaluating what coverage, if any, that you are interested in purchasing. More information to follow.

Thank you for considering earthquake insurance for your home and our community.

Respectfully,



Michael L Walker CCAM PCAM  
General Manager  
For the Board of Directors

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