
“California Shakin’ – What Does Earthquake Resiliency look like for my HOA?”

Definitions – Key Terms

Common Interests Developments (“CIDs”):

<https://www.davis-stirling.com/HOME/CID-Defined>

CIDs Eligible for the Motus “Opt-In” Master Earthquake Insurance Program

“Common Interest Development” or CID means any of the following:

- A community apartment project, as defined in California Civil Code section 1351, subdivision (d);
- A condominium project, as defined in California Civil Code section 1351, subdivision (f);
- A planned development, as defined in California Civil Code section 1351, subdivision (k); or
- A stock cooperative, as defined in California Civil Code section 1351, subdivision (m).
- Commercial condominium projects
- Townhomes

Master Earthquake Policies

Master earthquake policies are bought by the CID, paid through increased dues or special assessments, to cover earthquake damages to common areas, residential buildings, and potential unit interiors. A master earthquake policy is paid for by all unit owners and is the most common way to fund future earthquake damages. Roughly 10% of all CIDs in California purchase a master earthquake policy.

Earthquake Loss (or Special) Assessment

If a CID does not purchase a master earthquake policy, the board will fund post-earthquake damages through special assessments. Each unit owner will be equally responsible for all damages to common areas and residential buildings. Unit owners can buy individual earthquake insurance to cover this large assessment exposure. The Motus Insurance program was built for associations without a master earthquake policy where unit owners have a large special assessment exposure. Only Motus can offer more than \$100,000 of loss assessment coverage while including coverage for key common area coverages.

If the association does have a master policy, unit owners could still face a small special assessment to cover their share of the master earthquake’s policy deductible. This can be as high as \$100,000 if the master earthquake policy has a 20% or 25% deductible. This deductible assessment coverage can be purchased through Motus or other individual products like The California Earthquake Authority (CEA).



HO-6 Policy

This is a Fire / liability policy to cover unit interiors of a CID purchased by individuals. See the document titled "How do we know Unit Owners are not Eligible for Earthquake Insurance" for more on the issues caused by the HO-6 Companion Policy requirement.