

# **TUSCANY AT FOOTHILL RANCH ASSOCIATION**

## **MEMBER NOTICE RE: CHANGE IN INSURANCE COVERAGE**

### **AND**

## **NOTICE OF TOWNHALL MEETING**

**February 11, 2022**

Pursuant to Civil Code Section 5810, the Association's Board of Directors hereby notifies all Association members of a significant change in the Association's insurance coverage, including a reduction in coverage and increase in the deductible, that went into effect on December 22, 2021. This notice is being provided to all unit owners, so you may seek your own alternative coverage, in addition to that which the Association provides, to ensure that you are sufficiently insured.

Due to current and changing market conditions impacting many community associations, the Association's former insurance carrier, Farmers Insurance, was unable to continue insuring the Association under the same or similar terms it previously provided, and the premium for similar coverage by other carriers was exorbitant and well beyond what the Association could reasonably afford.

For many years, the Association was fortunate to enjoy higher coverage amounts with lower deductibles. For example, Farmers previously provided property damage coverage of nearly \$71 million, with a \$10,000 deductible. See attached Certificate of Insurance for 2020-2021. However, Farmers was unable to renew the Association's policy when it expired on December 22, 2021.

The primary reasons for Farmer's nonrenewal and the difficulty in obtaining comparable coverage from another carrier, is the community's location in a fire zone, with a high fire risk. Unfortunately, this is not unique to Tuscany as many associations in high-risk fire areas are facing the same issue, about which nothing can be done so this will remain a factor in the Association's insurability for likely many years to come.

Despite the Association's insurance agent consulting with other carriers, the best coverage available at a reasonable rate was \$5 million in property damage coverage with a \$100,000 deductible, at an annual premium cost of approximately \$347,746.00. Please note that this premium amount is only for primary property coverage and does not include other coverages the Association maintains. See Certificate of Insurance, effective 12/22/2021 attached. The Board is currently looking to obtain

excess coverage as well, which would increase the annual premium cost but provide additional coverage.

While this new property coverage took effect on December 22, 2021 (when the prior policy expired), the Board is actively continuing to work with its insurance agent and investigating other options for additional coverage.

In the meantime, in order to fund this unexpected increase in premiums, the Board will need to temporarily borrow from reserve funds, which will need to be repaid by a one-time special assessment from all members. At this time, the amount of the proposed special assessment is anticipated to be no greater than that specified in the attached spreadsheet, the amount of which varies depending on the model/group type of unit, in accordance with the CC&Rs. In addition, the amount of the proposed special assessment specified in the attached spreadsheet per unit could end up being slightly more if excess coverage is obtained for an additional premium.

Due to the amount of this proposed special assessment, members must vote to approve it, so a ballot will be forthcoming in the near future, at which time the Board will know the precise amount of the proposed special assessment per unit needed to pay the premium costs, which the members will be voting to approve.

Owners are also encouraged to consult with their own insurance agents as to the availability of other coverage options for owners and to ensure that they have the appropriate HO-6 coverage for their unit interiors and improvements, which are not covered under the Association's bare walls policy.

In order to ensure that members understand the change in coverage, the reasons for the changes, and the future insurability of the Association, ***the Board will be holding a town hall meeting for members to attend, at which Association legal counsel and the Association's insurance agent will be present, to discuss this situation and its impact on Association members, which will be held as follows:***

**Wednesday, February 23, 2022**

**6:00 pm**

Microsoft Teams meeting

**Join on your computer or mobile app**

[Click here to join the meeting](#)

**Or call in (audio only)**

+1 949-336-2442,,178055237# United States, Irvine

Phone Conference ID: 178 055 237#

[Find a local number](#) | [Reset PIN](#)

**Irvine Corporate Office**  
9060 Irvine Center Drive  
Irvine, CA 92618

**Office:** 949-716-3998  
**Fax:** 949-716-3999



www.Powerstonepm.com

The Board strongly recommends that all unit owners attend the town hall meeting to better understand the reasons for the Board's decision and to have any and all questions answered by the experts. Your understanding and cooperation as we navigate through this process is appreciated.

Please direct any questions, in writing, to the Association's community manager Ms. Victoria Hall at [vhall@powerstonepm.com](mailto:vhall@powerstonepm.com). Thank you.

Sincerely,  
Your Board of Directors

# OF UNITS	MODEL TYPE/ GROUP	BILLING GROUP	PRORATA SHARE	PRORATED		ANNUAL ASMT	ANNUAL BUDGET
				MONTHLY SPECIAL ASMT	PER UNIT ANNUAL ASMT		
48	1	01	0.0021939	\$ 59.47	\$ 713.62	\$ 34,254.00	
48	2	02	0.0024285	65.83	789.94	37,917.00	
49	3	03	0.0028343	76.83	921.94	45,174.93	
42	4	04	0.0030245	81.98	983.81	41,320.12	
22	5	05	0.0031006	84.05	1,008.56	22,188.37	
110	6	06	0.0031703	85.94	1,031.25	113,437.49	
21	7	07	0.0045367	122.98	1,475.72	30,990.09	
						\$ 325,282.00	

