

**CALIFORNIA EARTHQUAKE AUTHORITY**  
**BASIC EARTHQUAKE POLICY**  
**COMMON INTEREST DEVELOPMENT**

**DECLARATIONS**

**POLICY NUMBER:**

**POLICY PERIOD:** 12:01a.m. Pacific Time      **FROM:**      **TO:**

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**NAMED INSURED AND MAILING ADDRESS:**

The **dwelling unit** covered by this policy is located at the above address unless otherwise stated:

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We provide coverage at the indicated **limits of insurance**, subject to the applicable deductibles:

<b>COVERAGE:</b>	<b>LIMIT OF INSURANCE:</b>	<b>DEDUCTIBLE</b>
A. BUILDING PROPERTY	<u>\$25,000 to \$100,000</u>	\$_____ (5% to 25% of the Coverage A <b>Limit of Insurance</b> )
C. PERSONAL PROPERTY	<u>\$5,000 to \$200,000</u>	\$_____ (5% to 25% of the Coverage C <b>Limit of Insurance</b> )
D. LOSS OF USE	<u>\$1,500 to \$100,000</u>	No deductible
E. LOSS ASSESSMENT	<u>\$25,000 to \$100,000</u>	\$_____ (5% to 25% of the Coverage E <b>Limit of Insurance</b> )

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NOTE: If **you** choose not to purchase "COVERAGE E: LOSS ASSESSMENT," then "**NO LOSS ASSESSMENT COVERAGE**" will appear under the **limit of insurance** for "COVERAGE E: LOSS ASSESSMENT."

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**TOTAL ANNUAL POLICY PREMIUM:** \$\_\_\_\_\_

**POLICY MODIFICATIONS REQUESTED BY YOU**

Endorsement 04A – Coverage for Breakables

**NOTE: THIS POLICY MAY BE SURCHARGED**

(Please read the Surcharge Clause of this policy)

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**Mortgagee/Lienholder/Additional Insured (Name and Address):**

**PLEASE READ YOUR POLICY**

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## IMPORTANT NOTICES

Many of the terms of this policy are substantially different from the terms of **your companion policy** and most other policies that cover a condominium unit or other **dwelling unit**. The following items, among others, are unique to this policy; these are not the only terms, however, that are different from the terms of **your companion policy** and other policies—there are many others. Therefore, **we urge you** to read the entire policy.

The terms that appear in bold type appear frequently in this policy and are defined below under DEFINITIONS.

1. **Deductible**. No payment will be made for any property loss until the amount of covered loss to the type of property for which **you** make a claim under this policy exceeds the deductible stated on the DECLARATIONS. Because of the way the deductible is determined, **you** could have substantial uninsured loss. There are other requirements and restrictions that relate to the deductible. Please read the deductible clause relating to each type of covered property.
2. **Companion Policy Requirement**. This policy and California law require that, during the entire policy period of this **CEA** policy, **you** must keep a **companion policy** in force. That **companion policy** must provide fire insurance for the property that is the subject of this **California Earthquake Authority** policy. That **companion policy** must be issued by the same **participating insurer** that issued this **earthquake** policy—if no **companion policy** is in effect at the time of loss, this **CEA** policy is void and no payment will be made under this **CEA** policy.
3. **This is Limited Coverage**.
  - (a) This **CEA** policy covers only some parts of **your dwelling unit** and does not cover many other components of **your** interest in **your common interest development**. **You** may wish to determine if **your association of owners** has purchased an **association master policy** that includes **earthquake** coverage.
  - (b) Unlike some fire insurance policies, this policy does not have a “guaranteed replacement cost” or “extended replacement cost” feature. For that reason, this policy does not provide for full repair or full replacement of covered property if, and to the extent, the loss exceeds (1) the applicable **limit of insurance** stated in the DECLARATIONS or, (2) if a **sublimit** applies to the loss, the applicable **sublimit** stated in the policy.
4. **Pro-rata or Installment Claims Payments**. In accordance with California Insurance Code section 10089.35, if at any time the **California Earthquake Authority** Governing Board determines that the **CEA’s** available capital may be exhausted and that no additional funds (from specified sources) will be available to the **CEA** to pay policyholder claims, the **CEA** may pay claims on a pro-rata basis or in installment payments, based on a plan presented to the California Insurance Commissioner. If this occurs, **you** might not be paid the full amount of **your** claim or **your** claim might be paid in installments, or both. Under no circumstances will the State of California be responsible for the payment of **your** claim. Please read the Pro-rata or Installment Claims Payments Clause on page \_\_\_\_.
5. **Surcharge in the Event of Earthquake**. If an **earthquake**, or a series of **earthquakes**, exhausts the **California Earthquake Authority’s** claim-paying capacity (as provided from specified sources), California Insurance Code section 10089.29, subdivision (b), paragraph (1), gives **us** the power to impose an annual surcharge of up to 20% of **your** annual policy premium. Please read the Surcharge Clause on page \_\_\_\_.

**THE LANGUAGE OF THIS POLICY HAS BEEN  
APPROVED BY THE CALIFORNIA INSURANCE COMMISSIONER**

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# BASIC EARTHQUAKE POLICY

## COMMON INTEREST DEVELOPMENT

Please note that terms that appear frequently in this policy are defined below under DEFINITIONS and appear in bold type.

### AGREEMENT

This policy is issued by the **California Earthquake Authority (CEA)**, a public instrumentality of the State of California established and authorized by law to transact insurance in California as necessary to sell policies of basic residential earthquake insurance.

1. Covered Losses.

a. This policy insures the following property for accidental, direct physical loss from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, subject to all of the terms, conditions, deductibles, **limits of insurance**, and **sublimits** of the policy:

1. The property described under “COVERAGE A: BUILDING PROPERTY,” but only if a **limit of insurance** is shown for COVERAGE A on the DECLARATIONS page of this policy;
2. The property described under “COVERAGE C: PERSONAL PROPERTY,” but only if a **limit of insurance** is shown for COVERAGE C on the DECLARATIONS page of this policy; and
3. **Your** portion of those loss assessments and reductions in value described under “COVERAGE E: LOSS ASSESSMENT,” but only if a **limit of insurance** is shown for COVERAGE E on the DECLARATIONS page of this policy.

b. In addition, if a **limit of insurance** is shown for “COVERAGE D: LOSS OF USE” on the DECLARATIONS page of this policy, **we** insure for Loss of Use of the **dwelling unit** resulting from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, subject to all of the terms, conditions, and **limits of insurance** of the policy.

2. Deductible. Except as otherwise explicitly stated in this policy, **we** will pay only when a covered loss to property exceeds the deductible amount shown on the DECLARATIONS page applicable to that category of property. **We** will then pay only the amount in excess of the applicable deductible amount, up to the applicable **limit of insurance**. The deductible will be applied one time for each **seismic event**. There is one deductible that applies to COVERAGE A: BUILDING PROPERTY, a separate deductible that applies to COVERAGE C: PERSONAL PROPERTY, and a separate deductible that applies to COVERAGE E: LOSS ASSESSMENTS. **We** will pay no amount for any loss under COVERAGE A: BUILDING PROPERTY until the amount of the loss exceeds the amount of the deductible for COVERAGE A: BUILDING PROPERTY shown on the DECLARATIONS page; **we** will pay no amount for any loss under COVERAGE C: PERSONAL PROPERTY until the amount of the loss exceeds the amount of the deductible for COVERAGE C: PERSONAL PROPERTY shown on the DECLARATIONS page; and **we** will pay no amount for any loss under COVERAGE E: LOSS ASSESSMENT until the amount of the loss exceeds the amount of the deductible for COVERAGE E: LOSS ASSESSMENT shown on the DECLARATIONS page. For further information and what will be applied to meet each deductible, see “Deductible—Coverage A” on page \_\_\_\_, “Deductible—Coverage C” on page \_\_\_\_, and “Deductible—Coverage E” on page \_\_\_\_ in the COVERAGES Section of this policy.

3. Premium Payment. **We** will provide the insurance described in this policy in return for **your** payment of the premium and **your** compliance with all applicable provisions of this policy.

4. **Policy Period.** The policy period as shown on the DECLARATIONS page will begin and end at 12:01 a.m. Pacific Standard Time or Pacific Daylight Savings Time, whichever is in effect on the inception or termination date.
5. **Companion Policy.** You agree to keep in effect a **companion policy** written by the **participating insurer** that services this policy. If at the time of loss no **companion policy** is in effect, this **earthquake** policy is void and no payment will be made under this **earthquake** policy.
6. **Policy Services.** Policy services and claims adjusting will be provided by the **participating insurer**. All inquiries and correspondence regarding this policy should be directed to the **participating insurer**.

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## DEFINITIONS

Throughout this policy, the words “**you**” and “**your**” refer to the named **insured** shown in the DECLARATIONS and the named **insured’s** spouse or **domestic partner** if that spouse or **domestic partner** is a resident of the same household. The words “**we**,” “**us**,” and “**our**” refer to the **California Earthquake Authority**. Additional words and phrases are defined as follows.

1. “**Actual cash value**” means **replacement cost** less depreciation.
2. “**Association governing documents**” means the declaration and any other documents, such as bylaws, operating rules of the **association of owners**, articles of incorporation, or articles of association, that govern the operation of the **common interest development** or the **association of owners**.
3. “**Association master policy**” means an insurance policy (1) insuring against the perils of fire, **earthquake**, or both, (2) purchased by or issued to the **association of owners**, and (3) covering, in whole or in part, the **dwelling unit**, other real property located at the **common interest development**, or both.
4. “**Association of owners**” means a nonprofit corporation or unincorporated association created for the purpose of governing and managing the **common interest development** in which the **dwelling unit** is located.
5. “**Business property**” means property pertaining to or intended for use in any (a) full-time or part-time trade, profession, or occupation, or (b) other activity intended for economic gain.
6. “**California Earthquake Authority**” or “**CEA**” means the entity that issued this policy. The **CEA** is a public instrumentality of the State of California created and authorized by law to transact insurance in California as necessary to sell policies of basic residential **earthquake** insurance. The authorization appears in the California Insurance Code, beginning at section 10089.5.
7. “**Chimney**” means the flue or vent and the building code-required structure that surrounds the flue or vent, including exterior chimney facings, from the firebox to the outside of that structure. **Chimney** does not include a hearth, a mantel, the firebox where combustion takes place, or the foundation that supports the **Chimney**.
8. “**Collectible**” or “**collectibles**” means an item or group of items of personal property, regardless of whether an individual item or part of a collection, the monetary worth of which is not primarily based on its utility or function, but rather, is primarily based on its value to a collector, including property that is kept for investment, has a real or perceived past or expected future increase in value because it would be desirable to collectors as part of a collection, or that has a monetary worth significantly greater than its intrinsic value because of its rarity or its demand among collectors.
9. “**Common interest development**” means any of the following:
  - A community apartment project, as defined in California Civil Code section 4105;
  - A condominium project, as defined in California Civil Code section 4125;

- A planned development, as defined in California Civil Code section 4175; or
  - A stock cooperative, as defined in California Civil Code section 4131.
10. **“Companion policy”** means the fire insurance policy that provides fire coverage on the **dwelling unit** or personal property, or both, that is the subject of this **CEA** policy, and that is issued by the same **participating insurer** that services this **CEA** policy. **“Companion policy”** does not include the **association master policy**.
  11. **“Domestic partner”** means a party to a two-person domestic relationship registered by the California Secretary of State through the filing of a Declaration of Domestic Partnership, pursuant to California Family Code section 298.5.
  12. **“Dwelling unit”** means **your** individual unit in a residential structure located within the **common interest development** at the location specified in the DECLARATIONS.
  13. **“Earthquake”** means a vibration-generating rupture event caused by displacement within the earth’s crust through release of strain associated with **tectonic processes** and includes effects such as ground shaking, liquefaction, and damaging amplification of ground motion. While land sliding, including seismically-induced land sliding, is not itself an **earthquake**, **we** cover, subject to “LOSSES EXCLUDED” Item 5 and subject to all other terms and conditions of this policy, loss to covered property arising out of a seismically-induced landslide if that landslide is induced by, and would not have occurred in the absence of, an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period. **Earthquake** does not mean or include tsunami or volcanic eruption.
  14. **“Fungi”** means all types of fungus, including but not limited to mildew and mold, and all of their resulting spores and by-products, including mycotoxins and allergens, but not including cultivated edible mushrooms or other cultivated fungi intended for human consumption.
  15. **“Insured”** means **you** and the following **persons** if they are permanent residents of **your** household:
    - a. **your** relatives, whether related by blood, marriage or adoption; and
    - b. anyone under the age of 21 who is in the care or custody of **you** or of any of **your** relatives who are permanent residents of **your** household.
  16. **“Limit of insurance”** means the most **we** will pay for covered loss arising from any **seismic event**.
  17. **“Nuclear hazard”** means any nuclear reaction, radiation, or radioactive contamination, or any consequence of any of these.
  18. **“Participating insurer”** means the insurance company that issued the **companion policy**, meets the legal requirements to offer residential earthquake coverage by participating in the **CEA**, and provides claims and policyholder services for this policy on behalf of the **CEA**.
  19. **“Person”** means any human, association, organization, governmental entity, partnership, business trust, limited liability company, or corporation.
  20. **“Replacement cost”** means:
    - a. With respect to structures, the lesser of the reasonable cost at the time of loss to repair or replace covered damaged or destroyed property, without deduction for depreciation, (i) at the location of the **dwelling unit**, (ii) for the same use, and (iii) with materials of like kind and quality.
    - b. With respect to personal property and wall-to-wall carpeting, the cost, without deduction for depreciation, of (i) new property identical to the damaged property or, (ii) if identical property is not obtainable, of new property of like quality and of comparable usefulness as the damaged property.

21. “**Seismic event**” means one or more **earthquakes** that occur within a 360-hour period. The **seismic event** commences upon the initial **earthquake**, and all **earthquakes** or aftershocks that occur within the 360 hours immediately following the initial **earthquake** are considered for purposes of this policy to be part of the same **seismic event**.
22. “**Sublimit**” means a dollar limit on a coverage for a specific type of property within a category of property that is subject to a higher total **limit of insurance**. Payment under a **sublimit** will reduce the amount available under the total **limit of insurance**.
23. “**Tectonic processes**” means natural adjustments of the earth’s crust that are wholly in response to regional stress conditions caused by natural dynamic forces within the earth’s interior, and not initiated, in whole or in any part, by any human activity.

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## COVERAGES

### **COVERAGE A: BUILDING PROPERTY**

If a **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” is shown on the DECLARATIONS page of this policy, we provide the following coverage, subject to that **limit of insurance**, the application of the “Deductible—Coverage A” clause, and all of the terms and conditions of this policy.

If no **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under “COVERAGE A: BUILDING PROPERTY.”

#### **Property Covered—Coverage A**

We cover:

1. The following property:
  - a. Built-in appliances, fixtures, alterations, and improvements that are part of the structure in which the **dwelling unit** is located and are contained within the **dwelling unit**;
  - b. Wall-to-wall interior carpeting attached to the **dwelling unit**;
  - c. Items of real property, other than **chimneys**, that pertain exclusively to the **dwelling unit**.
2. The following property, but only to the extent that **you** are obligated to repair or maintain the property under the terms of the **association governing documents**:
  - a. Plumbing pipes and utility service structures and equipment that are enclosed within the walls, ceiling, or floor of the **dwelling unit**, extending to the exterior surface of the perimeter walls of the **dwelling unit**;
  - b. Equipment and utility service structures for electric, telephone, natural or bottled gas, heating, oil, water, septic, and sanitary sewage systems that (1) are located outside of the perimeter walls of the **dwelling unit** but within the **common interest development** and (2) directly affect the habitability of the **dwelling unit**;
  - c. **Chimneys** that are attached to or part of the **dwelling unit**, up to the applicable **sublimit** of \$10,000, regardless of the number of **chimneys** covered.

#### **Special Limits of Insurance—Coverage A**

The **limits of insurance** shown below are **sublimits** of the policy’s **limit of insurance** provided for “COVERAGE A: BUILDING PROPERTY” and do not increase the **limit of insurance** for “COVERAGE A: BUILDING

PROPERTY” shown in the DECLARATIONS. The **sublimit** for each numbered category, immediately below, is the total **limit of insurance** for all loss in that category. For property that falls into more than one category, the lowest applicable **sublimit** will apply.

1. \$10,000 for loss or damage to any and all **chimney(s)** attached to or part of the **dwelling unit**, regardless of the number of **chimneys** covered. This **sublimit** of \$10,000 in coverage for loss or damage to **chimneys** will be reduced by any amount that **we** pay under “OTHER COVERAGES,” Item 1, “Emergency Repairs,” for Emergency Repairs to **chimneys**.
2. \$5,000 for all loss or damage to the **dwelling unit** or to wall-to-wall carpeting attached to the **dwelling unit** caused by **fungi** the presence of which directly results from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, including, but not limited to, the cost to repair damage from **fungi** or to test for, monitor, abate, mitigate, remove, dispose of, or remediate **fungi**. This **sublimit** of \$5,000 in coverage for loss or damage caused by **fungi** will be reduced by any amount that **we** pay under “Other Coverages—Coverage A,” Item 1, “Emergency Repairs,” for emergency repairs resulting from **fungi**. Except for the coverage specifically provided for in this **sublimit**, this policy does not provide coverage for any loss that is caused directly or indirectly by, or that in any way results from, is contributed to by, or is aggravated by **fungi**.

#### **Other Coverages—Coverage A**

**We** provide the following other coverages, but only to the extent that the loss or expense is not covered under an **association master policy** or the deductible of that **association master policy** has not been exceeded:

1. Emergency Repairs. If covered damage occurs to property covered under “COVERAGE A: BUILDING PROPERTY,” **we** will pay the cost **you** incur for reasonable and necessary emergency measures **you** take to protect against further damage to that property, to remove from covered property in the **dwelling unit** the residue of broken glass, or to repair or replace covered broken windows in the **dwelling unit** or other covered structural glass that is part of the **dwelling unit**, if such emergency measures are made necessary as the result of an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period.
  - a. This Emergency Repairs coverage provides coverage up to a **sublimit** of \$1500. The applicable total **limit of insurance** for the “COVERAGE A: BUILDING PROPERTY” will be reduced by any amount **we** pay for this coverage.
  - b. **Your** taking reasonable and necessary emergency measures to protect covered property from further damage does not relieve **you** of **your** responsibilities outlined in “Your Duties After Loss” (CONDITIONS, Item 3).
2. Debris Removal. **We** will pay the reasonable expense **you** incur in removing from the **common interest development** the debris of damaged property covered under “COVERAGE A: BUILDING PROPERTY,” including but not limited to the reasonable expense **you** incur for the transportation of such debris to landfills or disposal facilities and disposal of the debris at those facilities, or the transportation of such debris to suitable recycling facilities rather than landfills and disposal of the debris at those facilities. The **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” will be reduced by any amount **we** pay under this coverage, but in the event that **your** covered losses under “COVERAGE A: BUILDING PROPERTY” exceed the combined **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” shown on the DECLARATIONS page of this policy, **we** will provide, as additional insurance, up to 5% of that **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” for this debris removal coverage.
3. Building Code Upgrades. If, as a result of an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, there is a covered loss to property specified under “Property Covered—Coverage A” and **you** or the **association of owners** repair that property, then **we** will pay as additional insurance up to \$10,000 for the cost of reconstruction to bring that property up to local residential building code standards in effect on the date of the **earthquake** that caused the loss, but

only so much of the reconstruction costs attributable to requirements of securing governmental approval of the reconstruction permit process for repair of that covered property.

4. Energy Efficiency and Environmental Safety Replacement Upgrades. If a combined single **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” is shown on the DECLARATIONS page of this policy and there is a covered loss to property covered under “COVERAGE A: BUILDING PROPERTY” in excess of the applicable deductible, and if **you** actually undertake repair or replacement of that covered loss, we will pay **your** cost to repair or replace that property with material that meets the following standards regarding environmental safety and energy efficiency. This coverage will apply to the added costs **you** incur to repair or replace that property with material that meets those standards as compared to the **replacement cost** of that property with material that does not meet those standards. This coverage is provided as a \$10,000 **sublimit** of the combined single **limit of insurance** for “COVERAGE A: BUILDING PROPERTY,” and the **limit of insurance** for “COVERAGE A: BUILDING PROPERTY” will be reduced by any amount **we** pay under this coverage. The most **we** will pay for the replacement or upgrade of any item of covered property is 200% of its **replacement cost** using material that does not meet the following standards regarding environmental safety and energy efficiency. Losses covered under this coverage are not applied to meet the deductible for “COVERAGE A: BUILDING PROPERTY.”
  - a. Energy Efficiency Upgrades: We will pay the reasonable added costs you incur to replace damaged covered property with the following energy-efficient property:
    - i. Electronic Equipment – Energy Star Replacement. If there is covered loss to electronic equipment, including but not limited to equipment for heating, ventilation, and air conditioning (HVAC) systems, that is part of the **dwelling unit** and that is covered under “COVERAGE A: BUILDING PROPERTY,” and that electronic equipment must be replaced rather than repaired, then **we** will pay the reasonable expenses you incur to replace damaged or destroyed electronic equipment with equipment of otherwise equivalent quality and function that has been identified by the United States Government Department of Energy, Environmental Protection Agency as “Energy Star” qualified.
    - ii. Window, Door, Roofing, and Insulation Energy Upgrades. If there a loss to the **dwelling unit** that requires the repair or replacement of roofing or insulation material, air sealing, windows, doors, or skylights, then **we** will pay the reasonable expenses **you** incur to replace those damaged or destroyed materials with materials of otherwise equivalent quality and function that have been identified by the United States Government Department of Energy, Environmental Protection Agency as “Energy Star” qualified.
    - iii. Plumbing Fixture Upgrades. If there a loss to the **dwelling unit** that requires the repair or replacement of plumbing fixtures, then we will pay the reasonable expenses you incur to replace those fixtures with energy and water efficient fixtures, including automatic faucet sensors, faucet and shower head flow restrictors, dual flush toilets, and localized water heaters, using plumbing fixtures of otherwise equivalent quality and function provided that the upgraded property meets the requirements of the Leadership in Energy and Environmental Design (LEED) for Homes Green Building Rating System of the U.S. Green Building Council or meets the requirements of the National Association of Home Builders Green Building Guidelines.
  - b. Environmental Safety Upgrades. We will pay reasonable added costs you incur to repair or replace the damaged or destroyed property covered under “COVERAGE A: BUILDING PROPERTY” with the following environmentally-upgraded property, provided that the upgraded property meets the requirements of the Leadership in Energy and Environmental Design (LEED) for Homes Green Building Rating System of the U.S. Green Building Council or meets the requirements of the National Association of Home Builders Green Building Guidelines:
    - i. Interior Finish Materials Upgrades. If there is a covered loss to the **dwelling unit** that requires the repair or replacement of interior finish materials, then **we** will pay the

reasonable expenses you incur to replace those materials with materials of otherwise equivalent quality and function that are low in volatile organic compounds (VOC), sustainably developed, rapidly renewable, or comprised of recycled materials. This coverage applies to interior paints, architectural coatings, primers under coatings, adhesives and sealants, low emissions carpet and floor coverings, including adhesive to affix them to the floor, and permanently installed composite wood fixtures including counters, cabinets and partitions, where available, Forest Stewardship Council certified wood for millwork, ceilings, siding, and framing, and bamboo flooring.

- ii. Elimination of Ozone-Depleting Substances Upgrades. If there is a covered loss to the **dwelling unit** that requires the repair or replacement of systems containing such items, then we will pay the reasonable expenses you incur to replace chlorofluorocarbon refrigerants (CFC) or hydro-chlorofluorocarbon (HCFC) or Halon refrigerants or fire extinguishing agents with environmentally-upgraded replacements.
- iii. Flush Out of Reconstructed Space. If necessitated by the repair or replacement of covered loss to the **dwelling unit**, we will pay the reasonable and necessary costs to flush out the reconstructed space with 100% outside air and new filtration media following completion of the repair or reconstruction process.

### **Property Not Covered—Coverage A**

We do not cover:

1. Land, including land underlying the **dwelling unit** or any other structure.
2. Detached garages, outbuildings, structures other than the residential structure containing the **dwelling unit**, fences, and masonry fences and walls that are not integral to the stability of the residential structure containing the **dwelling unit**.
3. Awnings and patio coverings, carports, and their support structures.
4. Antennas and satellite dishes and any towers, brackets, or attachments that support or secure them.
5. Any decorative or artistic features of the property, including the items of property specifically listed in this exclusion and any items of property, whether or not specifically listed in this exclusion, that are artisan-crafted or that are unique and cannot be replaced with a commercially-made, identical replacement that would be readily available for purchase in the open market. Such decorative or artistic features include, but are not limited to, works of art; murals; stained or leaded glass; mirrors; chandeliers; mosaics, statuary or sculpture; carvings, inlays, or reliefs; and fountains, aquariums, and their systems. If at the time of loss any decorative or artistic feature is serving a utilitarian purpose, the cost to repair or replace the decorative or artistic feature is not covered to the extent the cost of repair or replacement exceeds the cost of replacing it with a non-decorative, non-artistic functional replacement.
6. Exterior masonry veneer. For purposes of this exclusion, stucco and exterior chimney facings are not exterior masonry veneers.
7. Plaster, to the extent the cost to repair or replace it exceeds the value of its replacement with sheetrock or drywall.
8. Except as provided under “COVERAGE A: BUILDING PROPERTY, Property Covered,” Item 2.b, exterior water supply systems including, but not limited to, irrigation systems, sprinkler systems, and water reclamation systems.
9. Except as provided under “COVERAGE A: BUILDING PROPERTY, Other Coverages—Coverage A,” Item 3, “Building Code Upgrades,” any added costs of repair or replacement of covered property resulting

from enforcement of any ordinance, law, or residential building code that regulates the use, construction, repair, or demolition of a building or other structure.

10. Except as provided under “COVERAGE A: BUILDING PROPERTY, Property Covered,” Item 2.b, underground structures or equipment located outside the perimeter walls of the **dwelling unit**, including but not limited to underground pipes, cables, flues, drains, electrical supply systems and electrical lighting systems.
11. Walkways, driveways, decks, and patios that are not necessary for and regularly used for pedestrian ingress to and or egress from the **dwelling unit**.
12. Fences, bulkheads, piers, and outside walls including retaining walls.
13. Landscaping, trees, shrubs, lawns, or plants, even if damaged by necessary repairs to covered property.
14. Swimming pools, spas, and hot tubs including the tile or other material linking or attaching the pool, spa or hot tub to a deck or to a structure.

#### **Deductible—Coverage A**

We will pay no amount for any loss under “COVERAGE A: BUILDING PROPERTY” until the amount of the loss exceeds the amount of the deductible for “COVERAGE A: BUILDING PROPERTY” shown on the DECLARATIONS page. The deductible will be applied one time for each **seismic event**. Only losses that are covered under “COVERAGE A: BUILDING PROPERTY,” as limited by the application of any **sublimits** that apply to those losses, can be applied to meet this deductible requirement.

#### **COVERAGE C: PERSONAL PROPERTY**

If a **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” is shown on the DECLARATIONS page of this policy, we provide the following coverage, subject to that **limit of insurance**, the application of the “Deductible—Coverage C” clause, and all of the terms and conditions of this policy. If no **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under “COVERAGE C: PERSONAL PROPERTY.”

#### **Property Covered—Coverage C**

We cover (1) personal property owned or used by an **insured** and located at the **common interest development**, and (2) at **your** request and subject to a **sublimit** of \$2,500, personal property owned by others while that property is on any part of the **dwelling unit** occupied by an **insured**.

#### **Special Limits of Insurance—Coverage C**

The special **limits of insurance** shown below are **sublimits** of the **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” and do not increase the **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” shown on the DECLARATIONS page of this policy. The **sublimit** for each numbered category, immediately below, is the total **limit of insurance** for all loss in that category. For property that falls into more than one category, the lowest applicable **sublimit** will apply. If any item of property falls both into one of the following **sublimits** and one of the categories of property listed under “Property Not Covered—Coverage C,” then we do not cover that item of property.

1. \$250 in the aggregate on all money, bank notes, coins and medals, including any of these that are part of a collection.
2. \$250 in the aggregate on all securities, checks, cashier’s checks, traveler’s checks, money orders, and other negotiable instruments; accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, and tickets.

3. \$3,000 in the aggregate on all computers and other electronic data processing equipment, including storage media and software used with that equipment, whether or not it is **business property**. Storage media or software that cannot be replaced with other property of like kind and quality on the current consumer retail market is not covered.
4. \$1,000 in the aggregate on all **business property** other than computers and other electronic data processing equipment, storage media, and software.
5. \$3,000 in the aggregate on all jewelry, watches, furs, and precious and semi-precious stones, but not more than \$1,000 for any one article.
6. \$3,000 in the aggregate on all **collectibles**, including but not limited to sports cards; **collectible** dolls, model trains, or toys; **collectible** postage stamps; **collectible** autographed items; memorabilia; and commemorative or otherwise **collectible** plates, spoons, or cups; regardless of whether any such item is a single item or part of a collection.
7. \$3,000 in the aggregate on all beverages contained in bottles or in other glass, ceramic, or pottery containers, including but not limited to wine, port, liquor, beer, and all other alcoholic or non-alcoholic beverages.

### **Other Coverage—Coverage C**

The following other coverages are provided subject to the application of the deductible and all other terms and conditions of this policy:

1. **Emergency Repairs**. If covered damage occurs to property covered under “COVERAGE C: PERSONAL PROPERTY,” **we** will pay the cost **you** incur for reasonable and necessary emergency measures **you** take to protect against further damage to that property.
  - a. This Emergency Repairs coverage provides coverage up to a **sublimit** of the lesser of (i) 5% of the policy **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” or (ii) \$1,000. The applicable total **limit of insurance** for the “COVERAGE C: PERSONAL PROPERTY” will be reduced by any amount **we** pay for this coverage.
  - b. **Your** taking reasonable and necessary emergency measures to protect covered property from further damage does not relieve **you** of **your** responsibilities outlined in “**Your Duties After Loss**” (CONDITIONS, Item 3).
2. **Debris Removal**. **We** will pay the reasonable expense **you** incur in removing from the **dwelling unit** the debris of property covered under “COVERAGE C: PERSONAL PROPERTY,” including but not limited to the reasonable expense **you** incur for the transportation of such debris to landfills or disposal facilities and disposal of the debris at those facilities, or the transportation of such debris to suitable recycling facilities rather than landfills and disposal of the debris at those facilities. The **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” will be reduced by any amount **we** pay under this coverage, but in the event that **your** covered losses under “COVERAGE C: PERSONAL PROPERTY” exceed the combined **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” shown on the DECLARATIONS page of this policy, **we** will provide, as additional insurance, up to the lesser of (i) 5% of the **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” or (ii) \$1,000.

### **Property Not Covered—Coverage C**

**We do not cover:**

1. Pets, birds, fish, livestock, or other animals.

2. Motor vehicles, riding lawn mowers, or any motorized land conveyance, including their parts or accessories while in or on the motor vehicle, lawn mower, or conveyance. This exclusion does not apply to motorized land conveyances not licensed for use on public roads that are designed to assist and are used by the handicapped, or to the parts and accessories of those conveyances.
3. Any electronic equipment that is designed for operation by the electrical system of a motor vehicle, motorized land conveyance, or a camp or home trailer while any of this equipment is in, on, or installed in a motor vehicle, motorized land conveyance, or a camp or home trailer, including but not limited to: computers, citizens band and other two-way mobile radios, satellite and cellular telephones, radio receivers, transceivers, and transmitters, scanners and scanning monitor receivers, radar detectors, tape or disc players and recorders, MP3 players, televisions, video players, recorders, and monitors, global positioning satellite (GPS) devices, personal digital assistants and other handheld devices, and any accessories, antennas, speakers, tapes, discs, cartridges, media, carrying cases, charging devices, batteries, or other devices and accessories used with that equipment.
4. Aircraft, including their parts and equipment.
5. Property of roomers, boarders and other tenants, except roomers and boarders related to any **insured**.
6. Valuable papers, records or data, including:
  - a. books of account, drawings, card index systems and other records; and
  - b. data stored on electronic data storage devices, including processing tapes, wires, records, discs, computer drives, portable storage devices or media, or other magnetic or optical media.

**We do, however, cover the cost of blank recording or storage media and of prerecorded computer programs that are available on the retail market, subject to the **sublimit** set forth in “Special Limits of Insurance—Coverage C.” Item 3.**

7. Artwork, including but not limited to paintings, drawings, or etchings; framing; sculpture or statues, photographs; and handmade, loom-crafted, and other non-machine-made tapestries and rugs.
8. Breakable items, consisting of the following:
  - a. Glassware, crystal, china, ceramic, pottery, and porcelain items created as table settings, serving ware, or otherwise intended for use in serving or consuming food or beverage, whether currently being used for that purpose or not; and,
  - b. Figurines, vessels, vases, and other ornamental items made of crystal, china, pottery, ceramics, porcelain, glass, or marble.
9. Watercraft, including their furnishings, equipment, and inboard, outboard, or inboard-outboard motors.
10. Trailers.
11. Trees, shrubs, or plants, or their containers.
12. Swimming pools, spas, and hot tubs.
13. Antennas and satellite dishes and any towers, brackets, or attachments that support or secure them.

#### **Deductible—Coverage C**

**We will pay no amount for any loss under “COVERAGE C: PERSONAL PROPERTY” until the amount of the loss exceeds the amount of the deductible for “COVERAGE C: PERSONAL PROPERTY” shown on the DECLARATIONS page. The deductible will be applied one time for each **seismic event**. Only losses that are**

covered under “COVERAGE C: PERSONAL PROPERTY,” as limited by the application of any **sublimits** that apply to those losses, can be applied to meet this deductible requirement.

#### **COVERAGE D: LOSS OF USE**

If a **limit of insurance** for “COVERAGE D: LOSS OF USE” is shown on the DECLARATIONS page of this policy, then subject to that **limit of insurance** and subject to all the terms and conditions of this policy, **we** provide the following coverage, not subject to any deductible. If no **limit of insurance** for “COVERAGE D: LOSS OF USE” is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under “COVERAGE D: LOSS OF USE.”

1. **Additional Living Expense.** If the part of **dwelling unit** that **you** occupy becomes unfit to live in and **you** are forced to vacate the **dwelling unit** as a result of either (1) damage to the **dwelling unit** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period or (2) the process of repairing damage at the **common interest development** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, then **we** cover the necessary increase in living expenses **you** actually incur to maintain **your** normal standard of living. **We** will pay Additional Living Expenses for the shortest time reasonably needed (a) to repair the damage that makes the parts of the **dwelling unit you** occupy unfit to live in, or (b) for **you** to permanently relocate elsewhere if **you** do not elect to repair or replace the **dwelling unit**.
2. **Loss of Rent.** If the part of the **dwelling unit** that **you** rent to others or that **you** actually hold for rental becomes unfit to live in as a result of either (1) damage to the **dwelling unit** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period or (2) the process of repairing damage at the **common interest development** caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, **we** cover the fair rental value of that part of the **dwelling unit** that is rented to others or that **you** actually held for rental prior to the loss, less any expenses that do not continue while the rental portion of the **dwelling unit** is unfit to live in. Fair rental value means the average rental amount immediately before the **earthquake** in **your** rental market for a residential unit similar to that covered under this policy.

**We** will pay for the shortest time reasonably needed to repair the damage that makes the parts of the **dwelling unit** rented or held for rental unfit to live in. **Your** loss of rents due to cancellation of a lease or rental agreement is not covered.

3. If a civil authority prohibits **you** from occupying the **dwelling unit** because of direct damage to the **common interest development** in which the **dwelling unit** is located caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, **we** cover the resulting Additional Living Expense or Loss of Rent, subject to the “COVERAGE D: LOSS OF USE” **limits of insurance**.

#### **COVERAGE E: LOSS ASSESSMENT**

If a **limit of insurance** for “COVERAGE E: LOSS ASSESSMENT” is shown on the DECLARATIONS page of this policy, **we** provide the following coverage, subject to that **limit of insurance**, the application of the “Deductible—Coverage E” clause, all of the terms and conditions of this policy.

The **limit of insurance** shown on the DECLARATIONS page for “COVERAGE E: LOSS ASSESSMENT” is the most **we** will pay under this coverage for all claims arising out of any one **seismic event**, regardless of the number of assessments that are assessed against **you** or the number or amount of claims **you** make under this coverage. If no **limit of insurance** for “COVERAGE E: LOSS ASSESSMENT” is shown on the DECLARATIONS page of this policy, this policy does not provide any coverage under “COVERAGE E: LOSS ASSESSMENT.”

#### **Losses Covered—Coverage E**

1. **Assessment By Association of Owners:** We cover **your** share of any assessment charged by the **association of owners** against all property owners in the **common interest development**, if all of the following three requirements are satisfied:
  - a. **Requirement One:** You have a legal obligation to pay the amounts assessed against **you** by the **association of owners**, and the assessment is properly and legally made as a result of a loss that is directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period;
  - b. **Requirement Two:** The assessment is not made as a result of a loss specified in “Losses Not Covered—Coverage E”; and
  - c. **Requirement Three:** The assessment is made as a result of a loss to structures or other real property, and those structures or other real property are owned by one or any combination of the following three categories: (i) all members of the **association of owners** collectively, (ii) the **association of owners**, or (iii) **you**.

If an assessment is made as a result of a combination of (a) losses that are not covered, including but not limited to losses specified in “Losses Not Covered—Coverage E” or in “LOSSES EXCLUDED,” and (b) loss to property that is covered under “COVERAGE E: LOSS ASSESSMENT,” then **we** will pay only that pro rata portion of **your** share of the assessment equal to that percentage of the entire assessment that is based on covered loss that is not excluded.

There is a **sublimit** of \$10,000 under this coverage for **your** share of any portion of an assessment resulting from the cost of reconstruction to bring the property up to local residential building code standards in effect on the date of the **earthquake** that caused the loss, as required as part of the approval of the reconstruction permit process for repair of the covered property. Any amount **we** pay for losses that are subject to this **sublimit** will reduce the applicable total **limit of insurance** for “COVERAGE E: LOSS ASSESSMENT.”

2. **Reduction In Value Of Your Ownership Interest:**
  - a. **What Reduction In Value We Cover:**

If there is physical loss to structures or other real property at the **common interest development** directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, and the **association of owners** elects not to repair or replace that property or is permanently prevented by a government authority or court order from repairing or replacing the property, **we** cover the resulting reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development**, if both of the following requirements are satisfied:

    - i. As a result of the unrepaired damage, the **dwelling unit** either is unfit to live in or cannot legally be occupied; and
    - ii. The reduction in the value of **your** ownership interest in the **dwelling unit** is not the result of a loss to property specified in “Losses Not Covered—Coverage E.”
  - b. **Partially Covered Losses**

If the reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development** is the result of a combination of (a) losses that are not covered, including but not limited to losses specified in “Losses Not Covered—Coverage E” or in “LOSSES EXCLUDED,” and (b) loss to property that is covered under “COVERAGE E: LOSS ASSESSMENT,” then **we** will pay that portion of the reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development** that directly results from covered loss.
  - c. **How the Value of the Loss Is Calculated**

The amount of reduction in the value of **your** ownership interest in the **dwelling unit** and the **common interest development** under this coverage for “Reduction Of Value Of Your Ownership Interest” will be calculated by determining the dollar amount of that portion of the loss in fair market value of **your** ownership interest that is directly attributable to physical loss to covered property directly caused by the **earthquake** upon which **your** claim under this coverage is based, reduced by the following amounts:

- i. Any payments that **we** make, under “COVERAGE A: BUILDING PROPERTY” or “COVERAGE E: LOSS ASSESSMENT” of this policy, for losses arising out of the same **seismic event** upon which the claim for this coverage under “Reduction Of Value Of Your Ownership Interest” is based;
- ii. Payments made under any other insurance policy, including the **companion policy** or an **association master policy**, to **you** or to holders of mortgages or deeds of trust secured by **your** ownership interest in the **dwelling unit** and the **common interest development**, for damage or loss to the **dwelling unit** or the **common interest development** arising out of the same **seismic event** upon which the claim for this coverage under “Reduction Of Value Of Your Ownership Interest” is based;
- iii. Payments made to **you** or to holders of mortgages or deeds of trust secured by **your** ownership interest in the **dwelling unit** and the **common interest development** by any government agency arising out of the same **seismic event** upon which the claim for this coverage under “Reduction Of Value Of Your Ownership Interest” is based, including but not limited to disaster relief payments;
- iv. Payments made by the **association of owners** to **you** or to holders of mortgages or deeds of trust secured by **your** ownership interest in the **dwelling unit** and the **common interest development** arising out of the same **seismic event** upon which the claim for this coverage under “Reduction Of Value Of Your Ownership Interest” is based, as a result of the following:
  - (A) The collection of any insurance proceeds relating to damage to the **dwelling unit** or the property of the **common interest development**; or
  - (B) The liquidation or sale of any asset or capital that is not included in the calculation of the fair market value of **your** interest in the **dwelling unit** and the **common interest development**.

#### **Losses Not Covered—Coverage E**

We do not cover any losses under “COVERAGE E: LOSS ASSESSMENT” that arise out of any of the following:

1. Loss or damage to land, including land underlying any structure.
2. Loss or damage to detached garages, outbuildings, structures other than residential structures, or fences and masonry fences and walls that are not integral to the stability of the residential structure containing the **dwelling unit** or integral to the stability of other residential structures at the **common interest development**.
3. Loss or damage to awnings and patio coverings, carports, or their support structures.
4. Loss or damage to antennas or satellite dishes, or to any towers, brackets, or attachments that support or secure them.
5. Loss or damage to any decorative or artistic features of any property at the **common interest development** that are decorative or artistic features of the property, including the items of property specifically listed in this exclusion and any items of property, whether or not specifically listed in this exclusion, that are artisan-crafted or that are unique and cannot be replaced with a commercially-made, identical replacement that would be readily available for purchase in the open market. Such decorative or artistic features include, but are not limited to, works of art; murals; stained or leaded glass; mirrors; chandeliers; mosaics, statuary or sculpture; carvings, inlays, or reliefs; and fountains, aquariums, and their systems. If at the time of loss any decorative or artistic feature is serving a utilitarian purpose, the cost to repair or replace the decorative or artistic feature is not covered to the extent the cost of repair or replacement exceeds the cost of replacing it with a non-decorative, non-artistic functional replacement.
6. Loss or damage to exterior masonry veneer. For purposes of this exclusion, stucco and exterior chimney facings are not exterior masonry veneers.
7. Loss or damage to plaster, to the extent the cost to repair or replace it exceeds the value of its replacement with sheetrock or drywall.

8. Loss or damage to exterior water supply systems including, but not limited to, irrigation systems, sprinkler systems, and water reclamation systems.
9. Loss or damage to underground structures or equipment located outside the perimeter of the **dwelling unit** foundation, including but not limited to underground pipes, cables, flues, drains, electrical supply systems and electrical lighting systems.
10. Loss or damage to walkways, driveways, decks, or patios, except that portion of those walkways, driveways, decks, or patios that are necessary for and regularly used for ingress to and or egress from the residential structure containing the **dwelling unit** by pedestrian or non-ambulatory occupants of that residential structure.
11. Loss or damage to fences, bulkheads, piers, and outside walls including retaining walls.
12. Loss or damage to landscaping, trees, shrubs, lawns, or plants, even if damaged by necessary repairs to covered property.
13. Loss or damage to swimming pools, spas, and hot tubs, whether part of the **dwelling unit** or not, including the tile or other material linking or attaching the pool, spa or hot tub to a deck or to a structure.
14. Assessments that do not relate directly to the reconstruction of structures or other real property damaged or destroyed as a direct result of an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period.
15. Assessments made for the purpose of improving, bettering, or updating covered property to a condition or status better or more costly than the condition and status of the property as it existed immediately preceding the **earthquake** causing loss to the property. This exclusion does not apply to **your** share of any portion of assessment resulting from the cost of reconstruction to bring the property up to local residential building code standards in effect on the date of the **earthquake** that caused the loss, as required as part of the approval of the reconstruction permit process for repair of the covered property, subject to the applicable **sublimit** of \$10,000.
16. Assessments that follow or relate in any way to the payment or distribution to **you**, or any other member of the **association of owners**, of capital or assets of the **association of owners**, unless the payment or distribution of capital (a) is made as a result of a loss that is directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period and (b) is made for the purpose of payment or reimbursement for the repair or replacement of covered loss to property at the **common interest development**.

#### **Deductible—Coverage E**

We will pay no amount for any loss under “COVERAGE E: LOSS ASSESSMENT” until the amount of the loss exceeds the amount of the deductible for “COVERAGE E: LOSS ASSESSMENT” shown on the DECLARATIONS page. The deductible will be applied one time for each **seismic event**. Only losses that are covered under “COVERAGE E: LOSS ASSESSMENT” can be applied to meet this deductible requirement.

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### **LOSSES EXCLUDED**

We do not insure for any loss that is not directly caused by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period.

Without limiting the above, even if a loss directly or indirectly is caused by, is contributed to by, results from, or is aggravated by an **earthquake**, we do not insure for any loss that is caused directly or indirectly by, or that in any way results from, is contributed to by, or is aggravated by, any of the following:

1. Fire or explosion.
2. Water damage, including damage resulting from:
  - a. Flood, precipitation (including rain, snow, hail, or sleet) or surface water; waves, tsunamis, or tidal water; rupture of a dam, levee, berm, or sea wall; overflow of a natural or man-made body of water; or spray from any of these; or
  - b. Water below the surface of the ground, whether natural or not, including water that exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, or other structure.

This water damage exclusion, however, does not exclude loss that results from water damage to covered property that is a result of any of the following directly resulting from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period:

- (i) The release of water from water heaters, refrigerators, or water supply pipes within the **dwelling unit**;
  - (ii) The displacement of water from a swimming pool, decorative pool, spa, or hot tub; or
  - (iii) The release of water from municipal or other water supply lines on or off the premises of the **common interest development** or the release of water or sewage from sewers or drains on or off the premises of the **common interest development**. or
  - (iv) Precipitation (including rain, snow, hail, or sleet) entering a building through an opening in a roof or wall, if the opening is the direct result of damage from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period.
3. Controlled or uncontrolled **nuclear hazard** or any act or condition incident to any **nuclear hazard**.
  4. Pollution of groundwater, land, and personal property, including all loss, damage, costs, and expenses that arise out of or are caused by pollution or pollutants, and any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants. The terms “pollutants” and “pollution” mean any solid, liquid, gaseous, or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, and waste. The term “waste” includes but is not limited to material to be recycled, reconditioned, or reclaimed.
  5. Earth movement, settling of land, land sliding, subsidence, mudflows, or earth sinking, rising or shifting, unless the earth movement, settling of land, land sliding, subsidence, mudflow, or earth sinking, rising or shifting:
    - a. is induced by, and would not have occurred in the absence of, an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period; and
    - b. causes loss that manifests within one year after the **earthquake** that caused the loss.
  6. Theft, vandalism or other human conduct causing loss following an **earthquake**.
  7. **Fungi**, including but not limited to the cost to repair or replace property damaged by **fungi** or to test for, monitor, abate, mitigate, remove, dispose of or remediate **fungi**, except for loss or damage to the **dwelling unit** or to wall-to-wall carpeting attached to the **dwelling unit** caused by **fungi** the presence of which directly results from an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period, and subject to the \$5,000 **sublimit** set forth in “Special Limits of Insurance—Coverage A,” Item 2.”
  8. Required compliance with any ordinance, law, or residential building code that regulates the use, construction, repair, or demolition of a building or other structure, except as specifically provided under this policy, under the following provisions:
    - a. “Other Coverages—Coverage A,” Item 3, “Building Code Upgrades,” subject to the applicable \$10,000 **limit of insurance**, or
    - b. “Losses Covered—Coverage E,” Item 1, “Assessment By Association of Owners,” subject to the applicable \$10,000 **sublimit**.

9. Power failure, meaning the failure of delivery of electrical power to the **dwelling unit** or to the **common interest development**.
10. **Your** neglect to take all reasonable action to save and preserve covered property at the time of and after a covered loss.
11. Declared or undeclared war, acts of terrorism, insurrection, rebellion, revolution, warlike act by a military force or military personnel or any person, destruction or seizure or use for a military purpose, and any consequence of any of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
12. Intentional acts, meaning any loss arising out of any act committed:
  - a. by **you** or at **your** direction, or at the direction of any **insured** or of any **person** named as an additional **insured**; and
  - b. with the intent to cause, aggravate or increase a loss.

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## YOUR RIGHTS CONCERNING CLAIMS INVESTIGATION

The law provides certain rights and protections to policyholders who are involved in the presentation of a claim. Included among these are the following:

1. Specific rights to privacy under California and Federal law which may protect **you** during the claims process;
2. The right to have **your** claim handled in accordance with the California Insurance Code and Subchapter 7.5 of Chapter 5 of Title 10 of the California Code of Regulations, which impose fair claims handling procedures and requirements on insurers; and
3. The right to be represented by an attorney at **your** expense.

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## CONDITIONS

1. Insurable Interest and Limit of Insurance. Even if more than one **person** has an insurable interest in the property covered, **we** will not be liable:
  - a. to **you** for an amount greater than **your** interest; nor
  - b. for more than the applicable **limit of insurance**.
2. Concealment or Fraud. The entire policy will be void if, before or after a loss, any **insured** does any of the following:
  - a. Intentionally conceals or misrepresents any material fact or circumstance;
  - b. Engages in fraudulent conduct relating to this insurance; or
  - c. Intentionally makes false statements relating to this insurance.
3. Your Duties After Loss. If a loss occurs to covered property, **you** must perform the following duties:
  - a. Give written notice to the **participating insurer** without delay.
  - b. Protect the property from further damage. Make any emergency repairs that are necessary and reasonable to protect the property from further damage. Keep records of all costs **you** incur to repair or replace covered property or to protect covered property from further damage.

- c. Make and keep a list of all damaged or destroyed personal property, showing in detail the quantity, description, and amount of covered loss. Keep all bills, receipts, and related records that support **your** figures.
- d. If requested, provide the **participating insurer** with copies of all **association governing documents**.
- e. As often as reasonably required:
  - (i) Exhibit damaged property to the **participating insurer**;
  - (ii) Provide the **participating insurer** with the records and documents that are necessary to support **your** claim under the policy and which the **participating insurer** may request, including bills, receipts, canceled checks, and related records that support **your** figures, and permit the **participating insurer** to make copies; and
  - (iii) While not in the presence of any other **insured**, submit to examination under oath and sign a transcript of the examination.
- f. Send the **participating insurer**, within 60 days of **our** or the **participating insurer's** request, **your** signed, sworn proof of loss that contains, to the best of **your** knowledge and belief the following:
  - (i) The time, date, and cause of loss;
  - (ii) **Your** interest and the interest of all others in the property that sustained a loss, and evidence of all liens or encumbrances on the property;
  - (iii) A detailed description of all legal claims against the property that sustained a loss;
  - (iv) Evidence of other insurance that may cover the loss;
  - (v) A description of changes in title to or occupancy of the property during the term of the policy;
  - (vi) Descriptions and detailed repair estimates for any covered damage to the **dwelling unit** or other items of real property;
  - (vii) The list of damaged or destroyed personal property covered under this policy; and
  - (viii) All receipts and records that support any claim for additional living expense or fair rental value.

4. Loss Settlement: Coverages A and C.

In case of loss to a pair or set **we** can elect to either of the following:

- a. Repair or replace any part to restore the pair or set to its value before the loss; or
- b. Pay the difference between **replacement cost** of the pair or set before and after the loss.

5. Loss Settlement: Coverage A.

- a. **Our** liability for any loss to property insured under "COVERAGE A: BUILDING PROPERTY" will not exceed the smallest of the following:
  - (i) The **replacement cost** at the time of loss;
  - (ii) If the damaged property has been actually repaired or replaced, the amount actually and necessarily spent to repair or replace the damaged property; or
  - (iii) The applicable **limit of insurance** or any applicable **sublimit(s)**.
- b. If the **dwelling unit** is rebuilt or replaced at another location, **we** will settle a loss to the property at an amount no more than the **replacement cost** of the covered loss to the property at the original **dwelling unit** location, up to the applicable **limit of insurance**.
- c. **We** will not pay for increased costs resulting from enforcement of any ordinance, law, or residential building code that regulates the use, construction, repair, or demolition of a building or other structure, except as specifically provided under this policy in "COVERAGE A: BUILDING PROPERTY, Other Coverages—Coverage A," Item 3, Building Code Upgrades.

- d. **We** will pay for the cost to repair or replace only that portion of any regularly-used walkway, driveway, deck, or patio covered under this policy that is necessary to restore (i) pedestrian ingress to and egress from the **dwelling unit** or (ii) ingress to and egress from the **dwelling unit** by any non-ambulatory **insured**.
  - e. To repair or replace plaster, **we** will not pay more than the cost to repair or replace the plaster with sheetrock or drywall.
  - f. **We** will replace covered glass with safety glazing material when required by ordinance or law.
  - g. To repair or replace a **chimney**, **we** will not pay more than the least of the following amounts:
    - (i) The **sublimit** of \$10,000 that applies to **chimneys**;
    - (ii) The cost of replacement of a masonry **chimney** or **chimneys** with a non-masonry, earthquake-resistant **chimney** or **chimneys**; or
    - (iii) The necessary amount actually spent to repair the damaged **chimney** or **chimneys**.
6. Loss Settlement: Coverage C.
- a. **We** will settle losses to covered property described under “COVERAGE C: PERSONAL PROPERTY” at **replacement cost**, except that **we** will settle losses to property in items (i), (ii), and (iii) of this paragraph, below, at **actual cash value** only.
    - (i) Property which by its inherent nature cannot be replaced;
    - (ii) Property not maintained in good or workable condition; or
    - (iii) Property that is outdated or obsolete, or property not useful for its intended purpose.
  - b. **Our** liability for loss to any property insured under “COVERAGE C: PERSONAL PROPERTY” will not exceed the smallest of the following:
    - (i) The **replacement cost** at the time of loss;
    - (ii) The amount actually and necessarily spent to repair or replace the damaged property; or
    - (iii) The applicable **limit of insurance** or any applicable **sublimit(s)**.
7. Appraisal. If **you** and **we** fail to agree on the amount of loss, either of us may demand an appraisal of the loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving the written demand from the other. The two appraisers will choose a neutral and independent umpire. If they cannot agree on an umpire within 15 days, **you** or **we** may request that a judge of a California court of competent jurisdiction in the county where the insured **dwelling unit** is located appoint an umpire. The two appraisers will separately appraise the amount of loss under this policy. If the appraisers submit an agreed written report to **us**, the amount they agree on will be the amount of loss under this policy. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of the three appraisers will set the amount of loss under this policy. Each party will (a) pay its own appraiser, and (b) bear the other expenses of the appraisal and of the umpire equally.
8. Other Insurance.
- a. If there is other insurance, not including the **association master policy**, that covers **earthquake** loss to the **dwelling unit** or other property covered under this policy, **we** will pay **our** share of the covered loss or damage. **Our** share is the proportion that the applicable **limit of insurance** under this policy bears to the combined **limits of insurance** of all policies that cover the same property.
  - b. If there is other insurance that does not cover the peril of **earthquake** but that otherwise provides coverage for the same loss or damage for which **you** submit a claim under this policy, **we** will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, but **we** will not pay more than the applicable **limit of insurance**.

9. **Subrogation.** **You** may waive in writing before a loss under this policy all **your** rights of recovery against any **person**. If **you** do not waive those rights, **we** may require an assignment of **your** rights of recovery for a loss to the extent that **we** make payment for that loss. If **we** seek an assignment, the **insured** must sign and deliver all related papers to **us** and cooperate with **us**.
10. **Legal Action.** No action can be brought under this policy by any **person** unless the policy provisions have been fully complied with and the action is started within one year after the date of inception of the loss.
11. **Our Option to Repair or Replace Property.** If **we** give **you** written notice within 30 days after **we** receive **your** proof of loss, **we** may repair or replace any part of the damaged property with like property.
12. **Loss Adjustment:** **We**, through the **participating insurer**, will adjust all losses with **you**. At **our** option, **we** may select and retain adjusters, consultants, contractors, engineers, or other experts to inspect **your** property or to perform tests, including destructive tests, to determine the extent or cause of loss with respect to any claim **you** make under this policy. **We** will bear the cost of performing any tests (including the cost of repair of damage necessitated by any destructive tests) that **we** elect to perform to determine the extent or cause of loss. If, however, it is the opinion of the **CEA** that **your** property (or some particular part of **your** property) has not sustained covered **earthquake** damage over the deductible amount of this policy, and despite **our** opinion **you** request additional testing of **your** property or that part of **your** property, then if additional testing is performed, **you** are solely responsible for the costs of performing the additional testing and of repairing the damage to **your** property that was caused by any additional destructive testing, unless the additional testing establishes the existence of covered **earthquake** damage that, either alone or combined with other covered **earthquake** damage, exceeds the deductible amount of this policy.
13. **Loss Payment.** As to all claims **we** determine to be covered under this policy, **we** will pay **you** unless some other **person** is named in the policy or is legally entitled to receive payment. That portion of a claim that is not in dispute will be payable within 30 days after **we** receive **your** proof of loss. All other losses will be payable within 30 days after **we** receive **your** proof of loss and:
  - a. **we** reach an agreement with **you**;
  - b. there is an entry of a final judgment; or
  - c. there is a filing of a final appraisal award with **us**.
14. **Mortgagee Clause.**
  - a. The word “mortgagee” as used in this policy includes trustee or beneficiary under a trust deed.
  - b. If a mortgagee is named as a loss payee in this policy and, as a condition for making a loan to **you** secured by the **dwelling unit** or by **your** interest in the **common interest development**, that mortgagee either (1) required **you** to purchase **earthquake** insurance that covers the **dwelling unit** or **your** interest in the **common interest development**, or (2) required that the mortgagee be named as a loss payee under any coverage on the **dwelling unit** or on **your** interest in the **common interest development**, then any loss payable under “COVERAGE A: DWELLING” or “COVERAGE E: LOSS ASSESSMENT” will be paid to the mortgagee, to the extent of its interest, and to **you**. If more than one mortgagee is so named and otherwise qualifies, the order of payment will be the same as the order of preference of the mortgagees.
  - c. If **we** deny **your** claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee does all of the following:
    - (i) Notifies the **participating insurer** of any change in ownership of any insured property or change in occupancy of the **dwelling unit**, or of any substantial change in risk of which the mortgagee is aware;
    - (ii) Pays any premium due under this policy on demand if **you** have neglected to pay the premium; and
    - (iii) Submits a signed, sworn statement of loss within 60 days after it receives notice from **us** of **your** failure to do so.

- d. If **we** decide to cancel or not to renew this policy, **we** will take reasonable steps to notify any mortgagee named as a loss payee under this policy at least 10 days before the date cancellation or nonrenewal takes effect.
  - e. If **we** pay the mortgagee for any loss and deny payment to **you**:
    - (i) **We** are subrogated to all the rights of the mortgagee granted under the mortgage on the property, which will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim, or
    - (ii) At **our** option, **we** may pay to the mortgagee the whole principal on the mortgage plus any accrued interest, in which event, **we** will receive a full assignment and transfer of the mortgage and all security held as collateral for the mortgage debt.
  - f. Policy conditions relating to loss settlement and payment, including, but not limited to, the Appraisal, Legal Action, Loss Adjustment, and Loss Payment conditions, apply to the mortgagee.
15. No Benefit to Bailee. **We** will not recognize any assignment or grant any coverage that benefits a **person** that holds, stores, or moves property for a fee, regardless of any other provision of this policy, unless that **person** is named as an **insured** under this policy.
16. Payment. If **you** pay the initial premium for **your** first policy period by check, draft, or any remittance other than cash, **we** will credit **you** with that payment only if the check, draft, or remittance is honored on presentation. If **your** check, draft, or remittance is not honored on presentation, this policy is void from its inception. "Void from its inception" means that **we** will not be liable under this policy for any claims or damages that would otherwise have been covered had the check, draft, or remittance been honored on presentation and had the policy remained in effect.
17. Automatic Termination. If, before the end of the then current policy period of this policy, **we** or the **participating insurer** provide you with a renewal notice for **your** policy, that notice will be deemed **our** offer to renew **your** policy for an additional policy period. If **we** do not receive **your** required premium payment on or before the end of the then current policy period, **your** policy will terminate automatically at the expiration of the then current policy period. This means that **you** will have elected not to accept **our** offer to renew the policy, and no notice will be sent to **you**. **Your** failure to accept **our** offer to renew the policy is not a cancellation or non-renewal by **us**.
18. Cancellation.
- a. When the **companion policy** is canceled for any reason, this policy is canceled effective on the same date the **companion policy** cancellation takes effect, and any unearned premiums will be returned to **you** on a pro rata basis. This policy will not provide coverage if there is no **companion policy** in effect at the time of loss.
  - b. **You** may cancel this policy at any time by returning it to the **participating insurer** and by notifying the **participating insurer** in writing of the date cancellation is to take effect. **You** may return the policy and submit the cancellation date to the agent of the **participating insurer**.
  - c. **We** may cancel this policy for the reasons stated in this condition or for any other grounds permitted by law, by notifying **you** in writing of the date cancellation takes or took effect. The cancellation notice may be delivered to **you**, or mailed to **you** at **your** mailing address shown in the DECLARATIONS. Proof of mailing will be sufficient proof of notice.
    - (i) When **you** have not paid the premium when due and payable, **we** may cancel at any time by notifying **you** at least 10 days before the cancellation takes effect.
    - (ii) When this policy has been in effect for less than 60 days and is not a renewal with **us**, the policy may be cancelled if it is discovered that the risk does not meet the eligibility standards of the **CEA** by notifying **you** at least 10 days before the date cancellation takes effect.

- (iii) When this policy has been in effect 60 or more days, or is a renewal policy, **we** may cancel at any time by notifying **you** at least 30 days before the date of cancellation takes effect, based on the occurrence of one or more of the following:
- (A) **Your** conviction of a crime having as one of its necessary elements an act increasing any hazard insured against; or
  - (B) **Our** discovery of fraud or material misrepresentation by either the **insured** or the **insured's** representative in obtaining the insurance, or by **you** or **your** representative in pursuing a claim under the policy; or
  - (C) **Our** discovery of grossly negligent acts or omissions by the **insured** or his or her representative that have substantially increased any of the hazards insured against; or
  - (D) Failure of the **insured** to pay an **earthquake** policy surcharge imposed and authorized by the **California Earthquake Authority**, in accordance with California Insurance Code Section 10089.29, subdivision (d).
- d. When this policy is cancelled, any premium paid for the period from the effective date of the cancellation to the expiration date will be refunded. When the policy is cancelled, the return premium will be pro rata.
- e. If, when **we** cancel this policy, **we** do not refund the return premium with the notice of cancellation, **we** will refund it within 25 days after the date cancellation takes effect. If **you** cancel this policy, **you** may return the policy to **us**, and **we** will refund the return premium within 25 days after the date the cancellation takes effect.
19. Conditional Reinstatement. If **we** mail a cancellation notice because **you** did not pay required premium when due and **you** then tender payment of the premium by check, draft, or other remittance that is not honored on presentation, **your** policy will terminate on the date and time shown on the cancellation notice and any notice **we** issue that states that it waives the cancellation or reinstates the coverage is void. This means **we** will not be liable under this policy for claims or damages after the date and time stated on the cancellation notice.
20. Non-Renewal. **We** may elect not to renew this policy by delivering to **you** or mailing to **you** at **your** mailing address shown in the DECLARATIONS, written notice of non-renewal at least 45 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.
21. Waiver or Change of Policy Provisions. No waiver or change of a policy provision is valid unless it is in writing and signed by **us**. **Our** request for an appraisal or examination does not waive any of **our** rights.
22. Assignment. **Your** assignment of this policy will not be valid unless **we** give written consent.
23. Death. If **you** die during the policy term, each of the following persons will be deemed an **insured** with respect to the property insured under this policy:
- a. The legal representatives or person who by law succeeds to the ownership of the insured property, but only with respect to the property of the deceased covered under this policy at the time of death until the termination date of this policy; and
  - b. With respect to the property covered under this policy at the time of death, the **person** that has proper temporary custody of the property until appointment and qualification of a legal representative.
24. Recovered Property. If **you** or **we** recover any property for which **we** have made payment under this policy, **you** or **we** will notify the other of the recovery. At **your** option, the property will be returned to or retained by **you** or it will become **our** property. If the recovered property is returned to or retained by **you**, the loss payment will be adjusted based on the amount of the payment **we** made for the recovered property.
25. Abandonment of Property. **We** need not accept any property abandoned by an **insured**.

26. Surcharge Clause. In the event of an **earthquake** or series of **earthquakes**, **we** can impose a surcharge, as permitted by law, up to 20% of **your** annual policy premium within any one year, in accordance with California Insurance Code section 10089.29, subdivision (b), paragraph (1).
27. Pro-rata or Installment Claims Payments. In accordance with California Insurance Code Section 10089.35, if, at any time, the available capital of the **California Earthquake Authority** is insufficient to meet anticipated losses and there are no additional funds from assessments, reinsurance, or private capital markets available to pay claims, the **California Earthquake Authority** may pay claims on a pro-rata basis from the remaining funds available, or claims may be paid on an installment basis, based on a plan approved by the California Insurance Commissioner. If this occurs, **you** may not be paid the full amount of **your** claim. If **we** submit a pro rata or installment plan to the Insurance Commissioner, deadlines in this policy that apply to **our** payment of **your** claim may, at **our** sole option, be extended by the length of time the Insurance Commissioner has the plan under consideration; the deadlines will be reinstated and recomputed no later than the date an approved plan is in place. Also, with respect to **California Earthquake Authority** claims payments, California Insurance Code section 10089.25, subdivision (d), reads as follows: “The State of California shall have no liability for payment of claims in excess of funds available pursuant to this chapter. The State of California, and any of the funds of the State of California, shall have no obligations whatsoever for payment of claims or costs arising from this act, except as specifically provided in this act.”
28. Changes to Policy Terms in the Event of an Earthquake. If an **earthquake** occurs during the policy period, and the **dwelling unit** identified in the DECLARATIONS page is located in a United States Postal Service ZIP Code that lies, in whole or in part, within a Modified Mercalli Intensity (MMI) Scale value of V (5) or greater with respect to that **earthquake**, as determined by the U.S. Geological Survey (USGS), **we** have the rights, at **our** option, to do either or both of the following:
- a. To refuse any request **you** make from the time of that **earthquake** until thirty days after the **earthquake** to alter the terms or coverages of this policy, including any request that **you** make to change the limits of any of the coverages of this policy, purchase additional coverages from **us**, or lower the deductible of this policy; and
  - b. To inspect the insured property prior to granting any request **you** make from the time of that **earthquake** until the expiration of the term of this policy to alter the terms or coverages of this policy, including any request that **you** make to change the limits of any of the coverages of this policy, purchase additional coverages from **us**, or lower the deductible of this policy, and to deny **your** request to alter the terms of this policy if **our** inspection reveals the existence of any **earthquake**-related damage to the insured property.
29. Renewal of Policy in the Event of an Earthquake. In the event an **earthquake** occurs during the policy period and the **dwelling unit** identified in the DECLARATIONS page is located in a United States Postal Service ZIP Code that lies, in whole or in part, within a Modified Mercalli Intensity (MMI) Scale value of V (5) or greater with respect to that **earthquake**, as determined by the U.S. Geological Survey (USGS), **we** have the following rights with respect to the renewal of this policy:
- a. If the expiration date of this policy is between the date of the **earthquake** and 30 days after the **earthquake**, **we** have the right, at **our** option, to refuse to renew this policy on terms different from those contained in this policy. This means that **we** have the right to refuse any request **you** make from the time of the **earthquake** until thirty days thereafter to change the limits of any of the coverages of this policy on renewal, purchase additional coverages from **us** on renewal, or lower the deductible of this policy on renewal.
  - b. **We** have the right, at **our** option, to inspect the insured property prior to granting any request **you** make to renew this policy on terms different from those contained in this policy, including any request that **you** make on renewal to change the limits of any of the coverages of this policy, purchase additional coverages from **us**, or lower the deductible of this policy. **We** have the right to deny **your** request to alter the terms of this policy on renewal if **our** inspection reveals the existence of any **earthquake**-related damage to the insured property.

30. Liberalization Clause. If **we** make a change that broadens coverage under this edition of **our** policy without additional premium charge to **you**, that change will automatically apply to **your** insurance as of the date **we** implement the change.

This Liberalization Clause does not apply to changes implemented through **our** introduction of a subsequent edition of **our** policy.

Policy Sample