

CALIFORNIA EARTHQUAKE AUTHORITY

BASIC EARTHQUAKE POLICY—RENTERS

DECLARATIONS

POLICY NUMBER:

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

NAMED INSURED AND MAILING ADDRESS:

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

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

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

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)

Lienholder/Additional Insured (Name and Address):

PLEASE READ YOUR POLICY

TABLE OF CONTENTS

IMPORTANT NOTICES	3
AGREEMENT.....	4
DEFINITIONS	4
COVERAGES	
COVERAGE C: PERSONAL PROPERTY	6
Property Covered–Coverage C.....	6
Special Limits of Insurance–Coverage C	6
Other Coverages–Coverage C	7
1. Emergency Repairs.....	7
2. Debris Removal.....	7
Property Not Covered–Coverage C.....	7
Deductible–Coverage C.....	8
COVERAGE D: LOSS OF USE	9
LOSSES EXCLUDED	9
YOUR RIGHTS CONCERNING CLAIMS INVESTIGATION	11
CONDITIONS.....	11
1. Insurable Interest and Limit of Insurance	11
2. Concealment or Fraud	11
3. Your Duties After Loss.....	11
4. Loss Settlement.....	12
5. Appraisal	12
6. Other Insurance	12
7. Subrogation	13
8. Legal Action	13
9. Our Option to Repair or Replace Property	13
10. Loss Adjustment and Loss Payment	13
11. No Benefit to Bailee	13
12. Payment	13
13. Automatic Termination.....	13
14. Cancellation.....	13
15. Conditional Reinstatement.....	14
16. Non-Renewal	14
17. Waiver or Change of Policy Provisions.....	14
18. Assignment	14
19. Death	15
20. Recovered Property	15
21. Abandonment of Property.....	15
22. Surcharge Clause	15
23. Pro-Rata or Installment Claims Payments	15
24. Changes to Policy Terms in the Event of an Earthquake.....	15
25. Renewal of Policy in the Event of an Earthquake.....	15
26. Liberalization Clause	16

IMPORTANT NOTICES

Many of the terms of this policy are substantially different from the terms of **your companion policy** and most other policies covering a **rental unit**. The following items, among others, are particularly unique to this policy. However, these are not the only terms 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 loss to personal property until the amount of loss to property that is covered under “COVERAGE C: PERSONAL PROPERTY” exceeds the deductible shown on the DECLARATIONS. “COVERAGE D: LOSS OF USE” is not subject to any deductible. Please read the deductible provision on page ____.
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. **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 ____.
4. **Premium Surcharge if CEA Claim-Paying Capacity Is Exhausted.** 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**

BASIC EARTHQUAKE POLICY—RENTERS

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.** This policy insures 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 to personal property described under “COVERAGE C: PERSONAL PROPERTY,” subject to all of the terms, **limits of insurance**, and conditions of this policy. In addition, as provided in COVERAGE D, **we** insure for Loss of Use of the **rental unit** resulting from damage to the **rental unit** caused by 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, **limits of insurance**, and conditions 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**. **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. For further information and what will be applied to meet each deductible, see “**Deductible—Coverage C**” on page _____.
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**.

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. **“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.
3. **“California Earthquake Authority”** or **“CEA”** means the entity that issued this policy. The **CEA** is an 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.
4. **“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.
5. **“Companion policy”** means the tenant’s or renter’s insurance policy that provides fire insurance coverage for the personal property contained within the **rental unit**, and that is issued by the same **participating insurer** that services this **CEA** policy.
6. **“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.
7. **“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.
8. **“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.
9. **“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.
10. **“Limit of insurance”** means the most **we** will pay for covered loss arising from any **seismic event**.
11. **“Nuclear hazard”** means any nuclear reaction, radiation, or radioactive contamination, or any consequence of any of these.
12. **“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**.
13. **“Person”** means any human, association, organization, governmental entity, partnership, business trust, limited liability company, or corporation.

14. **“Replacement cost”** means 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.
15. **“Rental unit”** means the rented apartment, house, mobile home, or other rented residential space where **you** reside, located at the address shown in the DECLARATIONS.
16. **“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**.
17. **“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**.
18. **“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.

COVERAGES

COVERAGE C: PERSONAL PROPERTY

Property Covered—Coverage C

Subject to the deductible and **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” and subject to all terms and conditions of this policy, **we** cover (1) personal property owned or used by an **insured** and located at the **rental unit**, and (2) at **your** request and subject to the **sublimit** of \$2,500, personal property owned by others while that property is located at the **rental unit**.

Special Limits of Insurance—Coverage C

The **limits of insurance** shown below are **sublimits** of the policy’s **limit of insurance** provided for “COVERAGE C: PERSONAL PROPERTY” and do not increase the **limit of insurance** for “COVERAGE C: PERSONAL 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. 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, 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 Coverages—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 **rental 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

Subject to the total **limit of insurance** set forth in the DECLARATIONS page for “COVERAGE D: LOSS OF USE,” and subject to all the terms and conditions of this policy, **we** cover the following, not subject to any deductible.

1. **Additional Living Expense.** If the part of the **rental unit** that **you** occupy becomes unfit to live in and **you** are forced to vacate the **rental unit** as a result of either (1) damage to the **rental 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 to the **rental unit** 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 or replace the parts of the **rental unit** **you** occupy that are unfit to live in, or (b) for **you** to permanently relocate elsewhere if the owner of the **rental unit** does not elect to repair or replace the **rental unit**.

2. **Loss of Rent.** If the part of the **rental 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 **rental 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 to the **rental unit** 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 **rental 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 portion of the **rental unit** rented or held for rental is unfit to live in. Fair rental value means the average rental amount immediately before the **earthquake** in **your** rental market for a **rental unit** similar to the one covered under this coverage.

We will pay for the shortest time reasonably needed to repair or replace the parts of the **rental unit** rented or held for rental that are 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 **your rental unit** because of direct damage to neighboring premises 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**.

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, tsunami, 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 **rental 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 **rental unit** location or the release of water or sewage from sewers or drains on or off the **rental unit** location.
 - (iv) Precipitation (including rain, hail, snow, 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, 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. **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**.
 - 7. Theft, vandalism or other human conduct causing loss following an **earthquake**.
 - 8. Power failure, meaning the failure of delivery of electrical power to the **rental unit**.
 - 9. **Your** neglect to take all reasonable action to save and preserve covered property at the time of and after a covered loss.
 - 10. 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.
 - 11. 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.
-

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.

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 covered property from further damage. Make any emergency repairs that are necessary and reasonable to protect covered 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 property, showing in detail the quantity, description, and amount of covered loss. Keep all bills, receipts, and related records that support **your** figures.
 - d. 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.

- e. Send the **participating insurer**, within 60 days of **our** or the **participating insurer's** request, **your** signed, sworn proof of loss that sets forth, 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) The list of damaged or destroyed personal property covered under this policy;
 - (vi) Documents showing the extent of damage to the **rental unit** in support of any claim for additional living expense or fair rental value; and
 - (vii) All receipts and records that support any claim for additional living expense or fair rental value.
4. **Loss Settlement.** Covered property losses will be settled in accordance with the following:
- 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)**.
 - c. In case of loss to a pair or set **we** can elect to do either of the following:
 - (i) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (ii) Pay the difference between **replacement cost** of the pair or set before and after the loss.
5. **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 **rental 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.
6. **Other Insurance.**
- a. If there is other insurance that covers earthquake loss to 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**.

7. **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**.
8. **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.
9. **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.
10. **Loss Adjustment and Loss Payment.** **We**, through the **participating insurer**, will adjust all losses with **you**. 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**.
11. **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.
12. **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.
13. **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**.
14. **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.
15. 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.
16. 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.
17. 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.
18. Assignment. **Your** assignment of this policy will not be valid unless **we** give written consent.

19. **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.
20. **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.
21. **Abandonment of Property.** **We** need not accept any property abandoned by an **insured**.
22. **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).
23. **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."
24. **Changes to Policy Terms in the Event of an Earthquake.** If an **earthquake** occurs during the policy period, and the **rental 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 or purchase additional coverages from **us**; and
 - b. to inspect the **rental unit** and all 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 or purchase additional coverages from **us**, 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 **rental unit** or to any insured property.
25. **Renewal of Policy in the Event of an Earthquake.** In the event an **earthquake** occurs during the policy period and the **rental 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 or purchase additional coverages from **us** on renewal.
 - b. **We** have the right, at **our** option, to inspect the **rental unit** and all 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 or purchase additional coverages from **us**. **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 **rental unit** or any insured property.
26. 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, provided that this implementation date falls during or within 60 days before the policy period stated in the DECLARATIONS.

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