

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 deductible shown on the DECLARATIONS has been exceeded by the amount of covered loss to the type of covered property for which **you** make a claim under this policy. Because of the way the deductible is determined, **you** could have substantial uninsured loss. Please read the deductible provisions 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 **earthquake** 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 **CEA** policy. That **companion policy** must be issued by a **participating insurer** of the **California Earthquake Authority**. 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.
3. **This is Limited Coverage.**
 - (a) This 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” feature. This policy will not provide full repair or replacement of covered property when the loss exceeds the applicable **limit of insurance** stated in the DECLARATIONS or the applicable **sublimit(s)** set forth in the policy.
4. **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 specified sources 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** might not be paid the full amount of **your** claim. Under no circumstances will the State of California be responsible for the payment of claims. Please read the Pro-rata or Installment Claims Payments Clause on page 22.
5. **Surcharge in the Event of Earthquake.** In the event of an **earthquake** or series of **earthquakes** that partially or completely exhausts the **California Earthquake Authority’s** claims-paying capacity, California Insurance Code section 10089.29, subdivision (b), paragraph (1), authorizes **us** to impose a surcharge of up to 20% of **your** annual policy premium. Please read the Surcharge Clause on page 22.

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

- 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 no. 3).
2. **Debris Removal.** **We** will pay the reasonable expense **you** incur in removing from the **common interest development** the debris of property covered under "COVERAGE A: BUILDING PROPERTY" that is damaged by an **earthquake** that commences during the policy period as part of a **seismic event** that commences during the policy period. This coverage provides up to 5% of the **limit of insurance** for "COVERAGE A: BUILDING PROPERTY" as additional insurance.
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.

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, 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 any property, including but not limited to works of art; items such as murals; stained or leaded glass; mirrors; chandeliers; mosaics; statuary or sculpture; carvings, inlays, and reliefs or bas reliefs; and fountains, aquariums, and their systems. If at the time of loss a 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 regular 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.

1. \$250 on money, bank notes, coins and medals, including any of these that are part of a collection.
2. \$250 on 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 on computers and other electronic data processing equipment, including storage media and software used with that equipment, whether or not it is **business property**.

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, 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 or patio coverings 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**, including but not limited to works of art; items such as murals; stained or leaded glass; mirrors; chandeliers; mosaics; statuary or sculpture; carvings, inlays, and reliefs or bas reliefs; and fountains, aquariums, and their systems. If at the time of loss a 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 regular pedestrian ingress to and or egress from the residential structure containing the **dwelling unit** by the 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.

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, rain, 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 **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**.

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,