

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## SPECIAL PROVISIONS - CALIFORNIA

### OTHER COVERAGES

**10 .** In Forms **DP 00 02** and **DP 00 03**, **Collapse** is deleted and replaced by the following:

**10 . Collapse**

**a .** With respect to this Other Coverage:

- (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.
- (3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.
- (4) A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, setting, shrinkage or expansion.

**b .** We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

- (1) Perils Insured Against in Coverage **C - Personal Property**. These perils apply to covered building and personal property for loss insured by this Other Coverage;
- (2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
- (3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
- (4) Weight of contents, equipment, animals or people;
- (5) Weight of rain which collects on a roof; or
- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

Loss to an awing, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under items **(2), (3), (4), (5), and (6)** unless the loss is direct result of the collapse of a building or any part of a building.

This coverage does not increase the limit of liability applying to the damaged covered property.

**11 .** In Forms **DP 00 02** and **DP 00 03**, **Glass or Safety Glazing Material** is deleted and replaced by the following:

**11 . Glass or Safety Glazing Material**

**a .** We cover:

- (1) The breakage of Glass or Safety Glazing Material which is part of a covered building, storm door or storm window.
- (2) The breakage, caused directly by Earth Movement, of Glass or Safety Glazing Material which is part of a covered building, storm door or storm window; and
- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken Glass or Safety Glazing Material which is part of a building, storm door or storm window.

**b .** This coverage does not include loss:

- (1) To covered property which results because the Glass or Safety Glazing Material has been broken, except as provided in **a.(3)** above; or
- (2) On the Described Location if the dwelling has been vacant for more than 30 consecutive days immediately before the loss, except when the breakage results directly from Earth Movement as provided for in **a.(2)** above. A dwelling being constructed is not considered vacant.

Loss to glass covered under this Other Coverage **11 .** will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

This coverage does not increase the limit of liability that applies to the damaged property.

The following Other Coverage is added to all forms except **DP 00 01** . When you are a tenant of a Described Location covered under this policy, the words "covered building" used below, refer to property at such a Described Location covered under Other Coverage **3** . Improvements, Alterations And Additions.

## 12 . Ordinance Or Law

- a** . The Ordinance or Law limit of liability determined in **b** . or **c** . below will apply with respect to the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
- (1)** The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
  - (2)** The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3)** The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b** . If you are an owner of a Described Location, and that location:
- (1)** Is insured for Coverage **A** or Unit-Owners Building Items, you may use up to 10% of the limit of liability that applies to Coverage **A** or Unit-Owners Building Items at each Described Location; or
  - (2)** Is not insured for Coverage **A** or Unit-Owners Building Items, you may use up to 10% of the total limit of liability that applies to Coverage **B** at each Described Location.
- c** . If you are a tenant of a Described Location, you may use up to 10% of the limit of liability that applies to Improvements, Alterations And Additions at each Described Location.
- d** . You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a** . above.
- e** . We do not cover:
- (1)** The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

- (2)** The costs to comply with any ordinance or law which requires you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

## GENERAL EXCLUSIONS

- 1 . Ordinance or Law** is deleted and replaced by the following:

- 1 . Ordinance or law, meaning any ordinance or law:**
  - a** . Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **1.a.** in Form **DP 00 02**, **A.1.a** . in Form **DP 00 01**, and **1.a. (1)** in Form **DP 00 03**, does not apply to the amount of coverage that may be provided under Other Coverages, Glass Or Safety Glazing Material or Ordinance Or Law;

- b** . The requirements of which result in a loss in value to property; or

- c** . Requiring you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This exclusion applies whether or not the property has been physically damaged.

(This is Exclusion **A.1.** in Form **DP 00 01** and Exclusion **1.a.** in Form **DP 00 03** .)

- 2 . For all forms other than DP 00 01, Earth Movement** is deleted and replaced by the following:

- 2 . Earth Movement, meaning earthquake, including land shock waves or tremors before, during or after a volcanic eruption; landslide; mine subsidence; mudflow; earth sinking, rising or shifting; unless direct loss by:**

**a** . Fire; or

**b** . Explosion;

ensues and then we will pay only for the ensuing loss.

(This is Exclusion **1.b.** in Form **DP 00 03** .)

- 4 . **Power Failure** is deleted and replaced by the following:
- 4 . Power Failure, meaning the failure of power or other utility service if the failure takes place off the Described Location. But if the failure of power or other utility service results in a loss, from a Peril Insured Against on the Described Location, we will pay for the loss or damage caused by that Peril Insured Against.

( This is Exclusion 1 .d . in Form **DP 00 03.** )

### CONDITIONS

Item 3 . **Concealment or Fraud** is deleted and replaced by the following:

#### 3 . **Concealment Or Fraud**

With respect to all persons insured under this policy, we provide no coverage for loss if, whether before or after a loss, one or more persons insured under this policy have:

- a . Intentionally concealed or misrepresented any material fact or circumstance;
- b . Engaged in fraudulent conduct; or
- c . Made false statements; relating to this insurance.

Item 13 . **Loss Payment** is deleted and replaced by the following:

#### 13 . **Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 30 days after we receive your proof of loss and:

- a . Reach agreement with you;
- b . There is an entry of a final judgement; or
- c . There is a filing of an appraisal award with us.

#### 17 . **Cancellation**

Paragraphs **b .(2), b .(3), b .(4), and d .** are deleted and replaced by the following:

- b . (2)** When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason, except as provided below, by letting you know at least 10 days before the date cancellation takes effect.

We may not cancel this policy solely because:

- (a) You accepted an offer of earthquake coverage;
- (b) Corrosive soil conditions exist on the Described Location. This Provision(b) applies only if this policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:
  - (i) Dwelling Property 3 Special Form; or

(ii) Special Coverage Endorsement; or

- (c) You cancelled or did not renew an earthquake policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we may cancel this policy if you have accepted a new or renewal policy issued by the CEA that included an earthquake policy premium surcharge, but you failed to pay the earthquake policy premium surcharge authorized by the CEA.

- (3) When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel if there has been:

(a) Conviction of a crime having as one of its necessary elements an act increasing the hazard insured against; or

(b) Discovery of fraud or material misrepresentation; by:

(i) You or your representative in obtaining this insurance; or

(ii) You or your representative in pursuing a claim under this policy; or

(c) Discovery of grossly negligent acts or omissions substantially increasing any of the hazards insured against; or

(d) Physical changes in the property insured against which result in the property becoming uninsurable.

However, we may not cancel this policy solely because corrosive soil conditions exist on the Described Location if this policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:

(i) Dwelling Property 3 Special Form; or

(ii) Special Coverage Endorsement.

(e) Acceptance of a new or renewal policy, issued by the CEA that included an earthquake policy premium surcharge, but you failed to pay the earthquake policy premium surcharge authorized by the CEA.

This can be done by notifying you at least 30 days before the date cancellation takes effect.

- (4) When this policy is written for a period longer than one year, we may cancel for any reason at anniversary by notifying you at least 45 days before the date cancellation takes effect.

- d . If, when we cancel this policy, the return premium is not refunded with the notice of cancellation, we will refund it within 25 days after the date cancellation takes effect. If, when you cancel this policy, the return premium is not refunded when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

Item **18 . Non-Renewal** is deleted and replaced by the the following:

**18 . Non-Renewal**

- a . We may elect not to renew this policy, subject to the provision of **b** . We may do so by delivering to you at your mailing address shown in the Declarations, written notice at least 45 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

- b . We will not refuse to renew this policy:

- (1) Solely because you accepted an offer of earthquake coverage. However, the following applies only to insurers who are associate participating insurers as established by Cal.Ins. Code Section 10089.16. We may elect not to renew this policy after you have accepted an offer of earthquake coverage if one or more of the following reasons apply:

- (a) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (b) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (c) We have:

- (i) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (ii) Experienced a substantial increase in the premium charge for reinsurance coverage of our residential property insurance policies; and the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position;

- (2) Solely because you cancelled or did not renew an earthquake policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge; or

- (3) Solely because corrosive soil conditions exist on the Described Location. This Provision (3) applies only if this policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:

- (a) Dwelling Property 3 Special Form; or
- (b) Special Coverage Endorsement.

- c . If this policy is written for a period of less than one year, we agree not to refuse to renew except at the end of an annual period commencing with the original or renewal effective date.

All other provisions of this policy apply.