

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS - CALIFORNIA

SECTION I - PROPERTY COVERAGES COVERAGE C - PERSONAL PROPERTY SPECIAL LIMIT OF LIABILITY

Items **10 .** and **11 .** are deleted and replaced by the following (These are Items **7 .** and **8 .** in Form **HO 00 08**):

- 10 .** \$1,000 for loss to electronic apparatus, while in or upon a motor vehicle or other motorized land conveyance, if the electronic apparatus is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power. Electronic apparatus includes:
- a .** Accessories or antennas; or
 - b .** Tapes, wires, records, discs or other media; for use with any electronic apparatus described in this Item **10 .**
- 11 .** \$1,000 for loss to electronic apparatus, while not in or upon a motor vehicle or other motorized land conveyance, if the electronic apparatus:
- a .** Is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power;
 - b .** Is away from the "residence premises"; and
 - c .** Is used at any time or in any manner for any "business" purpose.
- Electronic apparatus includes:
- a .** Accessories and antennas; or
 - b .** Tapes, wires, records, discs or other media; for use with any electronic apparatus described in this Item **11 .**

PROPERTY NOT COVERED

Item **3.b.** is deleted and replaced by the following:

- 3 .** Motor vehicles or all other motorized land conveyances. This includes:
- b .** Electronic apparatus that is designed to be operated solely by use of the power from the electrical system of motor vehicles or all other motorized land conveyances. Electronic apparatus includes:
 - (1)** Accessories or antennas; or
 - (2)** Tapes, wires, records, discs or other media; for use with any electronic apparatus described in this Item **3.b.**

The exclusion of property described in **3.a.** and **3.b.** above applies only while the property is in or upon the vehicle or conveyance.

We do cover vehicles or conveyances not subject to motor vehicle registration which are:

- a .** Used to service an "insured's" residence; or
- b .** Designed for assisting the handicapped;

COVERAGE D - LOSS OF USE

For all forms other than **HO 00 04** and **HO 00 06**, Item **1 .** is deleted and replaced by the following:

- 1 .** If a loss covered under this section makes that part of the "residence premises" where you reside not fit to live in, we cover the Additional Living Expense, meaning any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living. Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

For Forms **HO 00 04** and **HO 00 06**, Item **1 .** is deleted and replaced by the following:

- 1 .** If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover the Additional Living Expense, meaning any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living. Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

ADDITIONAL COVERAGES

8 . Collapse is deleted and replaced by the following:

- 8 . Collapse**
- a .** With respect to this Additional 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, settling, 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 buildings and personal property for loss insured by this Additional Coverage;
 - (2) Decay that is hidden from view, unless the presence of such decay is known to you prior to collapse;
 - (3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to you 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 awning, 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 a 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.
- c . If Endorsement **HO 00 15** is attached to the policy, Section I - Additional Coverages **8** . **Collapse** in that Endorsement is deleted in its entirety and Paragraph **b.(1)** above is deleted and replaced by the following:
b.(1) Perils Insured Against in Coverages **A** and **B**.
- In addition, the following paragraph is added: This Additional Coverage does not apply to Coverage **C** - Personal Property.
- d . If Endorsement **HO 17 31** is attached to the policy Section I - Additional Coverages **8** . **Collapse** in that Endorsement is deleted in its entirety and Paragraph **b.(1)** above is deleted and replaced by the following:
b.(1) Perils Insured Against in Coverages **A** . In addition, the following paragraph is added: This Additional Coverage does not apply to Coverage **C** - Personal Property.
- This Coverage does not increase the limit of liability applying to the damaged covered property.
- 9 . **Glass or Safety Glazing Material** is deleted and replaced by the following:
- 9 . **Glass or Safety Glazing Material**
- a . We cover:
- (1) For all forms other than **HO 00 04** and **HO 00 06**, the breakage of Glass or Safety Glazing Material which is part of a building, storm door or storm window, and for:
 - (a) Form **HO 00 04**, the breakage of Glass or Safety Glazing Material which is part of a building, storm door or storm window, and covered as Building Additions And Alterations; and
 - (b) Form **HO 00 06**, the breakage of Glass Safety Glazing Material which is part of a building, storm door or storm window, and covered under Coverage **A**; and
 - (2) For all forms other than **HO 00 04**, and **HO 00 06**, 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 for:
 - (a) Form **HO 00 04**, the breakage, caused directly by Earth Movement, of Glass or Safety Glazing Material which is part of a building, storm door or storm window, and covered as Building Additions And Alterations; and
 - (b) Form **HO 00 06**, the breakage of Glass Safety Glazing Material which is part of a building, storm door or storm window, and covered under Coverage **A**; 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 "residence premises" 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 Additional Coverage **9** . will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

For Forms **HO 00 01** and **HO 00 08**, we will pay up to \$100 for loss under this coverage.

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

(This is Additional Coverage **8** . in Forms **HO 00 01** and **HO 00 08**.)

The following Additional Coverage is added to all forms except **HO 00 08**. With respect to Form **HO 00 04**, the words 'covered building' used below, refer to property covered under Additional Coverage **10** . Building Additions And Alterations.

11 . Ordinance Or Law

- a .** You may use up to 10% of the limit of liability that applies to Coverage **A** (or for Form **HO 00 04**, you may use up to 10% of the limit of liability that applies to Building Additions And Alterations) for 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 .** 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.

c . 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 any "insured" 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.

(This is Additional Coverage **10** . in Forms **HO 00 01** and **HO 00 06**.)

SECTION I - 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 all forms other than **HO 00 03**, and **1.a.(1)** in Form **HO 00 03**, does not apply to the amount of coverage that may be provided for under Additional 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 any "insured" 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 **1.a.** in Form **HO 00 03**.)

2 . 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 exclusion does not apply to loss by theft. (This is Exclusion **1.b.** in Form **HO 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 "residence premises". But if the failure of power or other utility service results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss or damage caused by that Peril Insured Against.

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

SECTION I - CONDITIONS

3 . Loss Settlement

Under Form **HO 00 06**, Item **b.(2)** is deleted and replaced by the following:

- (2)** If the damage is not repaired or replaced within a reasonable time, at actual cash value but not more than the amount required to repair or replace.

Item **10. Loss Payment**, is deleted and replaced by the following:

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

SECTION II -EXCLUSIONS

Under **1 . Coverage E - Personal Liability** and **Coverage F - Medical Payments To Others**,

Item **a .** is deleted and replaced by the following:

- a .** Which is expected or intended by one or more "insureds";

SECTION I AND II - CONDITIONS

2 . Concealment or Fraud is deleted and replaced by the following:

2 . Concealment Or Fraud

- a .** Under Section I - Property Coverages, with respect to all "insureds" covered under this policy, we provide no coverage for loss under Section I - Property Coverages if, whether before or after a loss, one or more "insureds" have:

- (1)** Intentionally concealed or misrepresented any material fact or circumstance;
- (2)** Engaged in fraudulent conduct; or
- (3)** Made false statements; relating to this insurance.

- b .** Under Section II - Liability Coverages, we do not provide coverage to one or more "insureds" who, whether before or after a loss, have:

- (1)** Intentionally concealed or misrepresented any material fact or circumstance;
- (2)** Engaged in fraudulent conduct; or
- (3)** Made false statements; relating to this insurance.

5 . 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 "residence premises". This Provision **(b)** applies only if this policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:
 - (i)** Homeowners 3 Special Form;
 - (ii)** Unit-Owners Coverage **A** Endorsement; or
 - (iii)** Unit-Owners Coverage **C** 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) Any "insured" or his or her 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 "residence premises" if this policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:

- (i) Homeowners 3 Special Form;
 - (ii) Unit-Owners Coverage A Endorsement; or
 - (iii) Unit-Owners Coverage C 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.

6 . **Nonrenewal** is deleted and replaced by the following:

6 . Nonrenewal

- a . We may elect not to renew this policy, subject to the provisions of b . below. 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 charged 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 "residence premises". This Provision (3) applies only if this policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:
- (a) Homeowners 3 Special Form;
 - (b) Unit-Owners Coverage A Endorsement; or
 - (c) Unit-Owners Coverage C 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.

**SAMPLE
FORM**