CALIFORNIA EARTHQUAKE AUTHORITY
COMPARISON
BASIC EARTHQUAKE POLICY — RENTERS
REVISED POLICY COMPARED TO CURRENT POLICY

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<th>REVISED POLICY</th>
<th>CURRENT POLICY</th>
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<td><strong>IMPORTANT NOTICES</strong></td>
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<td>Many of the terms of this policy are substantially different from the terms of your companion policy and most other policies covering a dwelling. 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.</td>
<td>No change in language.</td>
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1. **Deductible.** No payment will be made for any loss to personal property until the deductible shown on the DECLARATIONS has been exceeded by the amount of covered loss to property that is covered under “COVERAGE C: PERSONAL PROPERTY.” “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 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. **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,

2. **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 _____.

3. **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,
<table>
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<th><strong>THE LANGUAGE OF THIS POLICY HAS BEEN SUBMITTED TO AND APPROVED BY THE CALIFORNIA INSURANCE COMMISSIONER</strong></th>
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| **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 ____.

*No change in language, re-ordered in number only.* | **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 ____.

*No change in language, re-ordered in number only.* |

| **4. 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 ____.

*No change in language, re-ordered in number only.* | **4. 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.

*No change in language, re-ordered in number only.* |

| **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 | **No change in language** |
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 a public instrumentality of the State of California created and authorized by law to transact insurance in California as necessary to sell policies of basic residential earthquake insurance. The authorization appears in the California Insurance Code, beginning at section 10089.5.

4. “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.

5. “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.

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<td>6. <strong>“Domestic partner”</strong> 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.</td>
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| 7. **“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. | No change in language |
| 8. **“Limit of insurance”** means the most we will pay for covered loss arising from any seismic event. | No change in language |
| 9. **“Nuclear hazard”** means any nuclear reaction, radiation, or radioactive contamination, or any consequence of any of these. | No change in language |
| 10. **“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. | No change in language |
| 11. **“Person”** means any human, association, organization, governmental entity, partnership, business trust, limited liability company, or corporation. | No change in language |
| 12. **“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. | No change in language |
| 13. **“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. | No change in language |
| 14. **“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 | No change in language |
**Earthquake** are considered for purposes of this policy to be part of the same **seismic event**.

15. “**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**.

16. “**Tectonic processes**” means natural adjustments of the earth’s crust that are wholly in response to regional stress conditions caused by natural dynamic forces within the earth’s interior, and not initiated, in whole or in any part, by any human activity.

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**COVERAGES**

**COVERAGE C: PERSONAL PROPERTY**

**Property Covered—Coverage C**

Subject to the deductible and **limit of insurance** for “COVERAGE C: PERSONAL PROPERTY” and subject to and 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.

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.

No equivalent language

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. 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.

3. $1,000 on computers and other electronic data processing equipment, including storage media and software used with that equipment, whether or not it is business property. 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 on business property other than computers and other electronic data processing equipment, storage media and software.

4. $300 on business property other than computers and other electronic data processing equipment, including storage media and software.

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:

No change in language

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 a Loss” (CONDITIONS, item no. 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” that is damaged by an earthquake that commences during the policy period as part of a seismic event that commences.

No change in language
during the policy period. This coverage provides, 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:

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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,}

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. | devices, including processing tapes, wires, records, discs 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. | 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 2. |
| 7. Artwork, including but not limited to paintings, drawings, framing, sculpture, photographs, handmade tapestries and rugs, pottery, and ceramics. | No change in language |
| 8. Glassware, crystal, china, and porcelain. | No change in language |
| 9. Watercraft, including their furnishings, equipment, and inboard, outboard, or inboard-outboard motors. | No change in language |
| 10. Trailers. | No change in language |
| 11. Trees, shrubs, or plants, or their containers. | No change in language |
| 12. Swimming pools, spas, and hot tubs. | No change in language |
| 13. Antennas and satellite dishes and any towers, brackets, or attachments that support or secure them. | No change in language |

**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. | No change in language |

**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... | 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...
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<td>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, 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.</td>
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<td>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, 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.</td>
<td>No change in language</td>
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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:

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<th>1. Fire or explosion.</th>
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<td>2. Water damage, including damage resulting from:</td>
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<td>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</td>
<td>Water damage resulting from:</td>
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<td>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.</td>
<td>a. flood, rain, surface water, waves, tsunami, tidal water, overflow of a body of water, or spray from any of these; or</td>
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<tr>
<td>This water damage exclusion, however, does not exclude loss that results from water damage to covered property as a result of an earthquake which causes:</td>
<td>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.</td>
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<td>(i) the release of water from water heaters, refrigerators, or water supply pipes within the rental unit;</td>
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<td>(ii) the displacement of water from a</td>
<td>(ii) the displacement of water from a swimming pool, decorative pool, spa, or hot tub; or</td>
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<td>(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</td>
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<td>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.</td>
<td>on or off the rental unit location.</td>
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<tr>
<td>3.</td>
<td>Controlled or uncontrolled nuclear hazard or any act or condition incident to any nuclear hazard.</td>
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<td>4.</td>
<td>Pollution of groundwater, land, and personal property, including all loss, damage, costs, and expenses that arise out of or are caused by pollution or pollutants, and any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants. The terms “pollutants” and “pollution” mean any solid, liquid, gaseous, or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, and waste. The term “waste” includes but is not limited to material to be recycled, reconditioned, or reclaimed.</td>
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<td>5.</td>
<td>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.</td>
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<td>6.</td>
<td>Theft, vandalism or other human conduct causing loss following an earthquake.</td>
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<td>7.</td>
<td>Power failure, meaning the failure of delivery of electrical power to the rental unit.</td>
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<td>8.</td>
<td>Your neglect to take all reasonable action to save and preserve covered property at the time of and after a covered loss.</td>
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<td>9.</td>
<td>Declared or undeclared war, acts of terrorism, insurrection, rebellion, revolution, warlike act by a military force or military personnel or any person,</td>
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<th>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.</th>
<th>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.</th>
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<td>10. Intentional acts, meaning any loss arising out of any act committed:</td>
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<td>a. by you or at your direction, or at the direction of any insured or of any person named as an additional insured; and</td>
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<td>b. with the intent to cause, aggravate or increase a loss.</td>
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### YOUR RIGHTS CONCERNING CLAIMS INVESTIGATION

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

1. Specific rights to privacy under California and Federal law which may protect you during the claims process;

2. The right to have your claim handled in accordance with the California Insurance Code and Subchapter 7.5 of Chapter 5 of Title 10 of the California Code of Regulations, which impose fair claims handling procedures and requirements on insurers; and

3. The right to be represented by an attorney at your expense.

### 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:
   a. intentionally conceals or misrepresents any material fact or circumstance;

No change in language
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:
      (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 belongings.
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:

   (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 **you** have 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 covers the same loss or damage, other than as described in 6.a above, **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

    **No change in language**
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 we offer to renew your policy and 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.


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.

<table>
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<tr>
<th>15. <strong>Conditional Reinstatement.</strong> 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.</th>
<th>No change in language</th>
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<td>16. <strong>Non-Renewal.</strong> 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.</td>
<td>No change in language</td>
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<td>17. <strong>Waiver or Change of Policy Provisions.</strong> 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.</td>
<td>No change in language</td>
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<tr>
<td>18. <strong>Assignment.</strong> Your assignment of this policy will not be valid unless we give written consent.</td>
<td>No change in language</td>
</tr>
<tr>
<td>19. <strong>Death.</strong> If an you die during the policy term, each of the following persons will be deemed an <strong>insured</strong> with respect to the property insured under this</td>
<td>19. <strong>Death.</strong> If an <strong>insured</strong> dies during the policy term, we insure:</td>
</tr>
</tbody>
</table>
### 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.

### 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.

### Abandonment of Property

We need not accept any property abandoned by an insured.

### 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).

### 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 50-mile radius of the epicenter of that earthquake, 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 50-mile radius of the epicenter of that earthquake, 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.