



**California FAIR Plan Association**

**725 S. Figueroa St., Suite 3900**

**Los Angeles, CA 90017**

**[www.cfpnet.com](http://www.cfpnet.com)**

# **DWELLING PROPERTY POLICY**

**SAMPLE**

This policy is issued on behalf of those insurers that by law participate in the writings, expenses, profits and losses of the CALIFORNIA FAIR PLAN ASSOCIATION for the kind of risks insured against by this policy. The names of such participating insurers, and the extent of their respective participations, are on file with, and may be obtained from, either the CALIFORNIA FAIR PLAN ASSOCIATION or the Insurance Commissioner of the State of California. The policy period as shown in the Declarations Page shall begin and end at 12:01 A.M. standard time at the location of the property involved.

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## DEFINITIONS

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In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

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## AGREEMENT

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We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

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## COVERAGES

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This insurance covers the property at the address shown under PROPERTY LOCATION (the "Described Location") in the DWELLING INSURANCE POLICY DECLARATIONS (the "Declarations").

If there is a checkmark  next to **A - Dwelling** in the Declarations, the following applies:

### COVERAGE A - Dwelling

We cover:

1. the dwelling on the Described Location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling;
2. materials and supplies located on or next to the Described Location used to construct, alter or repair the dwelling or other structures on the Described Location; and
3. if not otherwise covered in this policy, building equipment and outdoor equipment used for the service of and located on the Described Location.

This coverage does not apply to land, including land on which the dwelling is located.

### COVERAGE B - Other Structures

We cover other structures on the Described Location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a covered walkway, wall, fence, utility line, or similar connection.

This coverage does not apply to land, including land on which the other structures are located.

We do not cover other structures:

1. used in whole or in part for commercial, professional, manufacturing or farming purposes; or
2. rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage.

You may use up to 10% of the Coverage A limit of liability for loss by a Peril Insured Against to other structures. Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

**If there is a checkmark  next to B - Other Structures in the Declarations, the following applies:**

We cover those Other Structures described in the Schedule to the Declarations up to the Limit of Liability stated for each such structure identified in the Schedule to the Declarations.

This coverage is in addition to your ability to elect to use up to 10% of the Coverage A Limit of Liability for loss to Other Structures.

**If there is a checkmark  next to C - Personal Property in the Declarations, the following applies:**

### **COVERAGE C - Personal Property**

We cover personal property usual to the occupancy as a dwelling and owned or used by you or members of your family residing with you while it is on the Described Location. At your request, we will cover personal property owned by a guest or household employee while the property is on the Described Location.

If you remove personal property from the Described Location to a newly acquired principal residence, the Coverage C limit of liability will apply at each residence for the 30 days immediately after you begin to move the property there. This time period will not extend beyond the termination of this policy. Our liability is limited to the proportion of the limit of liability that the value at each residence bears to the total value of all personal property covered by this policy.

**Property not covered.** We do not cover:

1. whether real or digital, accounts, bank notes, bills, bullion, coins, currency, deeds, evidences of debt, gold other than goldware, letters of credit, manuscripts, medals, money, notes other than bank notes, passports, personal records, platinum, securities, silver other than silverware, tickets and stamps;
2. animals, birds or fish;
3. aircraft and parts except model or hobby aircraft not used or designed to carry people or cargo;
4. motor vehicles or all other motorized land conveyances. This includes:
  - a. their equipment and accessories; or
  - b. any device or instrument for transmitting, recording, receiving or reproduction of sound or pictures which is operated by power from the electrical system of motor vehicles or all other motorized land conveyances, including:
    - i. accessories or antennas; or
    - ii. tapes, wires, records, discs or any other media for use with any such device or instrument;while in or upon the vehicle or conveyance.

We do cover vehicles or conveyances not subject to motor vehicle registration which are used to service the Described Location, or are designed for assisting the handicapped.

5. watercraft, other than rowboats, kayaks and canoes;
6. data, including data stored in:
  - a. books of account, drawings or other paper records; or
  - b. electronic data processing tapes, wires, records, discs or other software media.

However, we do cover the cost of blank recording or storage media, and of pre-recorded computer programs available on the retail market.

7. credit cards, gift cards, debit cards or fund transfer cards.
8. business personal property, meaning property of any nature that is used in your business including, without limitation, inventory and equipment.

**If there is a checkmark  next to Permitted Incidental Occupancy in the Declarations, the following applies:**

In addition to covering personal property usual to the occupancy as a dwelling, we cover personal property usual to the occupancy of the dwelling for the purpose described in the Schedule to the Declarations for loss caused by a Peril Insured Against at the Described Location. The personal property must be owned or used by you or members of your family residing with you while it is on the Described Location. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

9. natural or artificial lawns, plants, shrubs or trees outside of buildings.

**If there is a checkmark  next to Plants, Shrubs and Trees in the Declarations, the following limited exception to the above exclusion will apply:**

We insure for loss caused by the Perils Insured Against to plants, shrubs and trees. We do not cover property grown for commercial purposes. We shall not be liable for more than our proportion of \$250 on any one plant, shrub or tree including expense incurred for removing debris thereof. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

We do not insure loss to plants, shrubs or trees grown in violation of, or otherwise made illegal or unlawful by, any federal, state or local law.

#### **COVERAGE D - Fair Rental Value**

If a loss covered under this policy makes that part of the Described Location rented to others, held for rental or occupied by you unfit for its normal use, we cover its "Fair Rental Value", meaning the fair rental value of that part of the Described Location rented to others, held for rental or occupied by you less any expenses that do not continue while that part of the Described Location rented, held for rental or occupied by you is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the Described Location rented, held for rental or occupied by you.

We will pay no more than 1/12 of this coverage for each month the Described Location is unfit for its normal use and the amount due under this coverage shall be calculated based on a 30 day month. Payment under this coverage shall not be more than the monthly fair rental value of that part of the Described Location rented to others, held for rental or occupied by you.

If you have personal property coverage, Fair Rental Value will be determined based on an equivalent furnished property. If you do not have personal property coverage, Fair Rental Value will be determined based on an equivalent unfurnished property.

If a civil authority prohibits you from use of the Described Location as a result of direct damage to a neighboring location by a Peril Insured Against in this policy, we cover the Fair Rental Value loss for no more than two weeks.

The periods of time referenced above are not limited by the expiration of the policy.

We do not cover loss or expense due to cancellation of a lease or agreement.

You may use up to 10% of the Coverage A limit of liability for loss of Fair Rental Value. Payment under this coverage reduces the Coverage A limit of liability by the amount paid for the same loss.

**If there is a checkmark  next to D - Fair Rental Value in the Declarations, the following applies:**

We will pay Fair Rental Value up to the Limit of Liability stated for Fair Rental Value in the Declarations.

This coverage is in addition to your ability to elect to use up to 10% of the Coverage A Limit of Liability for loss of Fair Rental Value.

## OTHER COVERAGES

**1. Debris Removal.** We will pay your reasonable expense for the removal of:

- a. debris of covered property damaged by a loss we cover; or
- b. ash, dust or particles from a volcanic eruption that has caused a direct loss to a covered building or property contained in a building.

Debris removal expense is included in the limit of liability applying to the damaged property. You may use any amount of the Limit of Liability shown in the Declarations under Coverage A, B or C for the reasonable expenses you incur for the removal of debris damaged by a loss we cover. Payment under that coverage reduces the Limit of Liability for that coverage by the amount paid for the same loss.

**If there is a checkmark  next to Debris Removal in the Declarations, the following applies:**

We will pay the reasonable expenses you incur for removal of debris of covered property damaged by a loss we cover, up to the Limit of Liability stated for Debris Removal in the Declarations. This Debris Removal coverage applies to each coverage (Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property) you have purchased, as shown in the Declarations.

This additional Debris Removal coverage does not include abatement of hazardous materials from the damaged covered property, nor the removal of property that did not suffer direct physical damage as a result of a loss we cover, even if an ordinance or law requires removal of the property (or any portion of the property) as a condition to permitting repairs or rebuilding following a loss we cover.

**2. Improvements, Alterations and Additions.** If you are a Condominium Unit owner or tenant of the Described Location, you may use up to 10% of the Coverage C limit of liability for loss by a Peril Insured Against for improvements, alterations and additions, made or acquired at your expense, to that part of the Described Location used only by you.

Payment under this coverage reduces the Coverage C limit of liability by the amount paid for the same loss.

**If there is a checkmark  next to Improvements, Alterations and Additions in the Declarations, the following applies:**

We cover Improvements, Alterations and Additions made at your expense to your part of the Described Location whether rented to others or not. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

**3. World-Wide Coverage.** You may use up to 10% of the Coverage C limit of liability for loss by a Peril Insured Against to property covered under Coverage C while anywhere in the world. This coverage does not apply to property of guests or household employees, or to rowboats, kayaks or canoes.

Payment under this coverage reduces the Coverage C limit of liability by the amount paid for the same loss.

**4. Reasonable Repairs.** In the event that covered property is damaged by an applicable Peril Insured Against, we will pay the reasonable cost incurred by you for necessary measures taken solely to protect against further damage, subject to the provisions of Condition 5., below. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered under this policy and the damage to that property is caused by an applicable Peril Insured Against.

This coverage:

- a. does not increase the limit of liability that applies to the covered property; and
- b. does not relieve you of your duties, in case of a loss to covered property, as set forth in Condition 5.b., below.

**5. Property Removed.** We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than five days while removed. This coverage does not change the limit of liability that applies to the property being removed.

**6. Fire Department Service Charge.** We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

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## PERILS INSURED AGAINST

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Unless the loss is excluded in the General Exclusions, or below, we insure for direct physical loss to the covered property caused by:

- 1. Fire or Lightning.**
- 2. Internal Explosion,** meaning explosion occurring in the dwelling or other structure covered on the Described Location or in a structure containing covered personal property.

Explosion does not mean:

- a. electric arcing;
- b. breakage of water pipes; or
- c. breakage or operation of pressure relief devices.

This peril does not include loss by explosion of steam boilers, or steam pipes, if owned or leased by you or operated under your control.

- 3. Smoke,** meaning sudden and accidental loss from smoke, including airborne, windborne, or wind-driven combustion by-products or particulates such as carbon/soot/ash/char/debris.

Loss caused by smoke is excluded entirely if the smoke comes from agricultural smudging or industrial operations, or from intentional fire sources routinely found in or around homes including, but not limited to, smoke from fireplaces, fire pits, devices used to barbeque or cook food, lanterns or smoke or ash from other intentional use of flames.

If there is a checkmark  next to **Extended Coverages in the Declarations, Perils 4 through 9 are made part of Perils Insured Against.**

#### 4. **Windstorm or Hail.**

This peril does not include loss:

- a. to the interior of a building or property contained in a building caused by rain, snow, sleet, sand or dust unless:
  - i. the direct force of the wind or hail damages the building causing an opening in a permanent roof or permanent wall and the rain, snow, sleet, sand or dust enters through this opening; or
  - ii. the direct force of the wind or hail damages the building causing an opening in a temporary roof applied or temporary wall erected (after initial insured damage) to protect the property from further damage from rain, snow, sleet, sand or dust entering through this opening, in accordance with Condition 5.b., below.
- b. to the following when outside of the building:
  - i. awnings, signs or any device used to gather signals for electronic equipment, such as radio or television antennas, aerials or satellite dishes, including lead-in wiring, masts or towers; or
  - ii. rowboats, kayaks and canoes.

We insure for direct loss by windstorm or hail only to those items below for which a limit of liability is shown in this policy for this coverage.

**If there is a checkmark  next to Outdoor Radio and TV Equipment in the Declarations, the following applies:**

We insure for direct loss by windstorm or hail to radio and TV antennas and aerials, including their lead-in wiring, masts and towers. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

**If there is a checkmark  next to Awnings in the Declarations, the following applies:**

We insure for direct loss by windstorm or hail to awnings or canopies, including their supports. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

**If there is a checkmark  next to Signs in the Declarations, the following applies:**

We insure for direct loss by windstorm or hail to signs. We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

- c. that occurs due to pre-existing disrepair of the property.

**5. Explosion.** This peril does not include loss by explosion of steam boilers or steam pipes, if owned or leased by you or operated under your control.

Explosion does not mean:

- a. electric arcing;
- b. breakage of water pipes; or
- c. breakage or operation of pressure relief devices.

This peril replaces Peril 2.

**6. Riot or Civil Commotion.**

**7. Aircraft**, including self-propelled missiles and spacecraft.

**8. Vehicles.**

This peril does not include loss:

- a. caused by a vehicle owned or operated by you or a resident of the Described Location; or
- b. caused by any vehicle to fences, driveways and walks.

**9. Volcanic Eruption** other than loss caused by earthquake, land shock waves or tremors.

**If there is a checkmark  next to Vandalism or Malicious Mischief in the Declarations, the following is made part of Perils Insured Against:**

**10. Vandalism or Malicious Mischief**, meaning willful and malicious damage to, or destruction of, the described property.

This peril does not include loss;

- a. to glass or safety glazing material constituting a part of the building other than glass building blocks;
- b. by pilferage, theft, burglary or larceny, but, we will be liable for damage to the covered building caused by burglars;
- c. by modification or alteration to rental property made without the owner's permission; or
- d. to property on the Described Location if the dwelling has been vacant or unoccupied for more than 30 consecutive days immediately before the loss. A dwelling being constructed is considered "vacant" if it lacks the furniture and the furnishings minimally necessary for human habitation. A dwelling is considered "unoccupied" if there is no person residing lawfully in it.

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## GENERAL EXCLUSIONS

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We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

**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;
- 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 the pollutants.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including, without limitation, asbestos, lead, mold, fungus, 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.

**If there is a checkmark  next to Ordinance or Law in the Declarations, the above exclusion does not apply, and the following applies:**

We will pay for the increased costs you incur due to the enforcement against you of any ordinance or law

which requires or regulates construction, demolition, renovation or repair, but only as it applies to that part of a covered building or other structure damaged by a Peril Insured Against. We will not pay for any such costs incurred by you for work done on undamaged property.

Ordinance or Law coverage is provided only if the damaged covered building or other structure for which claim is made satisfied all applicable building code requirements in effect when it was built, last repaired or last remodeled before such damage occurred.

We shall not be liable for more than the limit of liability shown in the Declarations for this coverage.

We do not cover:

- (1) any loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) due to enforcement against you, in actual repair of damage to covered property caused by a Peril Insured Against, 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 from, in or on any covered building or other structure.

Notwithstanding the foregoing, we will pay 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 asbestos or lead only. We shall pay only the costs actually incurred by you, due to enforcement against you, in actual repair of damage to covered property caused by a Peril Insured Against. We will not pay for any such costs incurred by you for work done to portions of the property which did not incur direct physical damage from the covered peril. Coverage for remediation of lead and/or asbestos shall be limited to the aggregate amount of \$10,000 or the amount actually incurred, whichever is less.

**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.

**3. Water Damage**, meaning:

- a. flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
- b. water which backs up through sewers or drains or which overflows from a sump; or
- c. water below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

Direct loss by fire or explosion resulting from water damage is covered.

**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.

**5. Neglect**, meaning your neglect to use all reasonable means to save and preserve property at and after the time of a loss.

**6. War**, including undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. **Nuclear Hazard**, to the extent set forth in the Nuclear Hazard Clause of the Conditions.
8. **Intentional Loss**, meaning any loss arising out of any act committed:
  - a. by or at the direction of you or any person or organization named as an additional insured; and
  - b. with the intent to cause a loss.

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## CONDITIONS

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1. **Policy Period.** This policy applies only to loss which occurs during the policy period.
2. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:
  - a. for an amount greater than the interest of a person insured under this policy; or
  - b. for more than the applicable Limit of Liability.
3. **Your Duties to Select and Maintain Policy Limits.** It is your sole responsibility to select and maintain adequate amounts and types of insurance.

**If there is a checkmark  next to Inflation Guard in the Declarations, you have given us permission to increase the Limits of Liability for Coverage A - Dwelling and, if purchased, Coverage B and Ordinance or Law coverage at each renewal of your policy.**

We may increase the Limits of Liability for Coverage A - Dwelling and, if present, Ordinance or Law Coverage to reflect changes in the cost of construction, if any.

Any increase in these Limits of Liability will be made on the renewal date of the policy.

Any increase in these Limits of Liability will be made according to construction cost factors published by a third party vendor and/or other factors we consider reasonable. The percentage increase in such construction cost factors will be applied only to your existing Limits of Liability as of the renewal date of the policy.

Regardless of any increase in the Limits of Liability pursuant to this coverage, we offer no opinion, and make no representation or guarantee, that the insurance provided by this policy is or will be appropriate or sufficient to cover the full replacement cost of the dwelling, or to cover the full amount of any loss or damage.

You should not rely on us to determine whether you have appropriate or sufficient insurance.

The sum of the Limits of Liability for all coverages under your policy may not exceed the maximum policy limits that we offer. We will restrict any Limit of Liability increases under this coverage so that that sum does not exceed the maximum limits we offer, first increasing the Limit of Liability for Coverage A - Dwelling to the extent permitted by this maximum amount. Then we will use any remaining part of the maximum amount to increase the Limit of Liability for Ordinance or Law Coverage.

4. **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 the policy have:
  - a. intentionally concealed or misrepresented a material fact or circumstance;
  - b. engaged in fraudulent conduct; or
  - c. made false statements;related to this insurance.

**5. Your Duties After Loss.** In case of a loss to covered property, you must see that the following are done:

- a. give prompt notice to us;
- b. protect the property from further damage;
- c. make reasonable and necessary repairs to protect the property;
- d. keep an accurate record of repair expenses;
- e. if you make repairs to protect the property, set aside the damaged part(s) for our inspection and, if possible, photograph the damage; and
- f. prepare an inventory of damaged personal property to the best of your ability:
  - i. show the quantity, description, date of purchase, place of purchase or from whom acquired and amount of loss;
  - ii. attach all records, bills, receipts and related documents that justify the figures in the inventory;
- g. as often as we reasonably require, and subject to the provisions of California Insurance Code § 2071.1:
  - i. exhibit the damaged property;
  - ii. provide us with records and documents we request and permit us to make copies. We may request your tax returns. These documents are generally privileged against disclosure under applicable law, but may be necessary to process or determine your claim;
  - iii. submit to examination under oath, while not in the presence of any other named insured, and sign the transcript under penalty of perjury; and
  - iv. produce employees, members of your household or others for examination under oath to the extent it is within your power to do so;
- h. submit to us, within 60 days after we request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - i. the time and cause of loss;
  - ii. interest of you and all others in the property involved and all encumbrances on the property;
  - iii. other insurance which may cover the loss;
  - iv. changes in title or occupancy of the property during the term of the policy;
  - v. specifications of any damaged building and detailed estimates for repair of the damage;
  - vi. an inventory of damaged personal property described in 5.f., above; and
  - vii. records supporting any Fair Rental Value loss.

**6. Loss Settlement.** Subject to Condition 2. (Insurable Interest and Limit of Liability), we will pay the following amounts for covered property losses:

- a. Coverages A and B Losses: for losses to covered property described in Coverages A and/or B, the following applies:
  - i. Total Loss: in case of a Total Loss to the property, we will pay the actual cash value before the loss as measured by the fair market value of the covered property, up to the policy limit; or

- ii. **Partial Loss:** in case of Partial Loss to the property, we will pay the actual cash value of the Partial Loss as measured by the amount it would cost you to Repair, rebuild, or Replace the thing lost or damaged less a fair and reasonable deduction for physical Depreciation based upon its condition at the time of the loss, or the policy limit, whichever is less. A deduction for physical Depreciation shall apply only to components of a structure that are normally subject to Repair and Replacement during the useful life of that structure.
- b. **Coverage C Losses:** For loss to covered property described in Coverage C - Personal Property, we will pay the amount it would cost you to Repair, rebuild, or Replace the thing lost or damaged less a fair and reasonable deduction for physical Depreciation based upon its condition at the time of the loss or the policy limit, whichever is less.
- c. **Definitions for Coverages A, B and C Losses:**
  - i. "Total Loss" to property for Coverages A and B means the property is completely destroyed, such that it loses its identity and character as a structure;
  - ii. "Partial Loss" to property for Coverages A and B means any loss not considered a "Total Loss", as defined in c.i.;
  - iii. "Depreciation", when taken, will be for physical depreciation, or wear and tear, based upon the condition of the property measured as of the time of loss, and will be taken separately for each damaged part of the property, not for any property taken as a whole;
  - iv. "Replace" means to provide functionally equivalent, but not necessarily identical, property at the same location;
  - v. "Repair" includes rebuild and means to restore property to the same design, size and dimensions, and at the same location as before loss, using materials identical in kind and quality.

**If there is a checkmark  next to Dwelling Replacement Cost in the Declarations, the above Loss Settlement provision with respect to Coverage A and B losses does not apply and the following Loss Settlement Provision will apply with respect to Coverage A and B losses, only.**

Covered property loss to any building under Coverage A or B will be settled as follows:

- (1) If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the lower of the full cost to reconstruct or replace the building immediately before the loss, we will pay the cost to reconstruct or replace the part of the building damaged, after application of the deductible and without depreciation, but not more than the least of the following amounts:
  - a) the Limit of Liability under this policy that applies to the building;
  - b) the lower of either the reconstruction or replacement cost of the damaged part of the building; or
  - c) the necessary amount actually spent to reconstruct or replace the damaged part of the building.
- (2) If, at the time of loss, the amount of insurance under this policy on the damaged building is less than 80% of the lower of the full cost to reconstruct or replace the building immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Liability under this policy that applies to the building:
  - a) the amount payable for the loss under Condition 6, above; or
  - b) that proportion of either the lower of the cost to reconstruct or replace the part of the building damaged, without deduction for depreciation, which the total amount of insurance under this policy on the damaged building bears to 80% of the lower of the full cost either to reconstruct or replace the building immediately before the loss.
- (3) To determine the amount of insurance required to equal 80% of the lower of the full cost to reconstruct or replace the building immediately before the loss, we do not include the value of:

- a) excavations, foundations, piers or any supports which are below the undersurface of the lowest basement floor;
  - b) those supports in a. above which are below the surface of the ground inside the foundations walls, if there is no basement; and
  - c) underground flues, wiring and drains.
- (4) You may meet the 80% requirement by having in force at the time of the loss another policy of insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our pro rata share of the loss.

If, at the time of the loss, there is insurance covering the loss other than as described above, such as an excess insurance policy, you may include the amount of that insurance in meeting the 80% requirement.

- (5) We will pay no more than the amount payable for the loss under Condition 6, above, unless:
- a) actual reconstruction or replacement is complete at the Described Location shown in the Declarations; or
  - b) actual reconstruction or replacement is complete at a location other than the Described Location; or
  - c) the cost to reconstruct or replace the damage is both:
    - i) less than 5% of the amount of insurance under this policy on the damaged building; and
    - ii) less than \$5,000.

Regardless of whether the reconstruction or replacement is completed at the Described Location pursuant to subparagraph a. above, or at a location other than the Described Location, pursuant to subparagraph b. above, the measure of indemnity shall be based upon the replacement cost of the insured property and shall not be based upon the cost to repair, rebuild or replace at a location other than the insured premises.

- (6) You may disregard the reconstruction and replacement cost loss settlement provisions and make a claim for the loss based on Condition 6.a., above. After 5.a. or 5.b. immediately above are satisfied, but not later than 12 months after first payment under Condition 6., above, you may make claim for any additional benefits provided under this Dwelling Replacement Cost section. In the event you are unable to satisfy 5.a. or 5.b. immediately above within 12 months after such first payment because of circumstances beyond your control, you may request an extension of time in which to do so. Additional extensions of six months shall be provided to you for good cause.
- (7) In the event of a loss relating to a "state of emergency" as defined in Section 8558 of the Government Code, you may satisfy 5.a. and 5.b. immediately above within 24 months from the first payment under Condition 6, above.

**If there is a checkmark  next to Personal Property Replacement Cost in the Declarations, the Loss Settlement provision above with respect to Coverage C losses does not apply and the following Loss Settlement Provision will apply with respect to Coverage C losses, only.**

Covered loss to personal property will be settled as follows:

- (1) Property Covered:

We cover personal property under Coverage C at replacement cost at the time of the loss, unless that personal property is listed in Property Not Covered, below. Payment will not exceed the least of the following:

- a) replacement cost at the time of the loss without deduction for depreciation;
- b) the reasonable amount to have the property repaired at the time of loss;
- c) the amount it reasonably costs to replace the article with a new one substantially identical to the article damaged or destroyed; or
- d) the Personal Property Coverage C Limit of Liability shown in the Declarations.

(2) Property Not Covered:

The following personal property is not eligible for replacement cost settlement. Any loss or damage to these items shall be settled at actual cash value at time of the loss, but not exceeding the amount necessary to repair or replace:

- a) property not maintained in good or workable condition;
- b) property that exhibits signs of excessive wear;
- c) property that is outdated or obsolete and is stored or not being used;
- d) antiques, fine arts, paintings and similar articles of uniqueness, rarity or antiquity which cannot be replaced;
- e) memorabilia, souvenirs, collectors' items and similar articles whose age or history contribute to their value; or
- f) property not owned by any insured.

(3) Conditions

- a) We will pay the difference between actual cash value and the cost to repair or replace the property only after the damaged or destroyed property has actually been repaired or replaced.
- b) If you receive a settlement under this policy for damaged personal property on an actual cash value basis, you may make an additional claim for payment provided:
  - i) repair or replacement is completed within one year of the first payment for damage to your personal property. In the event you are unable to complete the repair or replacement of your damaged personal property within one year after such first payment because of conditions beyond your control, you may request an extension of time in which to do so. Additional extensions of six months shall be provided to you for good cause;
  - ii) if the loss or damage relates to a "state of emergency" as defined in Section 8558 of the Government Code, this time period shall be extended to two years after the first payment for damage to your personal property; or
  - iii) you have not reached the applicable limit of liability under this policy.

**7. Loss to a Pair or Set.** In case of loss to a pair or set we may elect to:

- a. repair or replace any part to restore the pair or set to its value before the loss; or
- b. pay the difference between actual cash value of the property before and after the loss.

**8. Glass Replacement.** Loss for damage to glass caused by a Peril Insured Against will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

**9. Appraisal.** If you and we fail to agree on the amount of loss, either may request an appraisal of the loss:

- a. if the loss arises out of a government-declared disaster, as defined in the California Government Code, appraisal may be requested by either party but may not be compelled;
- b. if the loss does not arise out of a government-declared disaster, as defined in the California Government Code, or if the parties agree to appraisal following a government-declared disaster:
- c. In the event of an appraisal under paragraph 9.a., or 9.b., above, the following conditions apply:
  - i. On the written request of either, each party shall choose a competent and disinterested appraiser and notify the other party of the appraiser selected within 20 days after a written request. Where the request is accepted, the two appraisers will first choose a competent and disinterested umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the State of California;
  - ii. the appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of the loss;
  - iii. each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally; and
  - iv. the appraisal proceedings will be informal unless you and we agree otherwise, meaning that no formal discovery will be taken during the appraisal proceeding, the formal rules of evidence will not be applied during the appraisal proceeding, and no court reporter will record the proceedings. The procedures set forth in this paragraph do not limit or expand the parties' rights set out elsewhere in the policy, and do not limit the rights of either party in the event of suit.

**10. Other Insurance.**

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Liability under this policy bears to the Limits of Liability of all policies covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But, we will not pay more than the applicable Limit of Liability.

**11. Transfer to Us of Salvage, Subrogation.** If there is a covered loss, we have the right of salvage, which is the right to take all or any part of the insured property upon our payment for the loss or damage to that property, at the agreed or appraised value.

In addition to our right of salvage, we have the right of subrogation, which means that we have the right to seek repayment from any person or persons who may have caused the loss or damage. You must protect our subrogation rights, and help us enforce those rights if we ask you to do so. If we ask you to sign documents to help us enforce those rights, you must do so.

Our total recovery under this provision will not exceed the amount we pay for your loss or damage, plus our costs of recovery, including any attorney's fees we incur.

**12. Suit Against Us.** No action can be brought unless the policy provisions have been complied with and the action is started within one year after the date of loss.

**13. Our Option.** If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may pay to repair or replace any part of the damaged property with like property. We may also take all, or any part, of the damaged property at the agreed or appraised value.

**14. Loss Payment.** We will adjust all losses with you or your properly authorized representative. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Your loss will be payable 30 days after we receive 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.

**15. Abandonment of Property.** We need not accept any property abandoned by you.

**16. Mortgage Clause.** The word "mortgagee" includes trustee.

If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

- a. notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
- b. pays any premium due under this policy on demand if you have neglected to pay the premium; and
- c. submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date of cancellation or non-renewal takes effect.

If we pay the mortgagee for any loss and deny payment to you:

- a. we are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- b. at our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all the securities held as collateral to the mortgage debt.

Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

**17. No Benefit to Bailee.** We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

**18. Cancellation.**

- a. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
- b. We may cancel this policy only for the reasons stated in this condition by notifying you in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations.
- c. Proof of mailing shall be sufficient proof of notice.
- d. When you have not paid the premium, we may cancel at any time by notifying you at least 10 days before the date cancellation takes effect.
- e. 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 by letting you know at least 20 days before the date cancellation takes effect.

- f. 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:
  - i. conviction of any named insured of a crime having as one of its necessary elements an act increasing any hazard insured against; or
  - ii. discovery of fraud or material misrepresentation by either of the following:
    - 1) you or your representative, in obtaining the insurance; or
    - 2) you or your representative in pursuing a claim under the policy; or
  - iii. discovery of grossly negligent acts or omissions by you or your representative substantially increasing any of the hazards insured against; or
  - iv. physical changes in the insured property which result in the property becoming uninsurable.

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

- g. We may cancel for any reason at the anniversary date of the policy by notifying you at least 45 days before the date cancellation takes effect.
  - i. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded on a pro rata basis.
  - ii. 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.

**19. Non-renewal.**

- a. We may elect not to renew this policy, subject to the provisions of b., immediately below. We may do so by delivering to you at your mailing address shown in the Declarations, written notice at least 75 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.
- b. 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.

**20. Liberalization Clause.** If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations. This Liberalization Clause does not apply to changes implemented through the introduction of a subsequent edition of our policy.

**21. Waiver or Change of Policy Provisions.** A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

**22. Assignment.** Assignment of this policy is not permitted.

**23. Death.** If you die, we insure, for the remainder of this policy period:

- a. your legal representatives but only with the respect to the property of the deceased covered under the policy at the time of death;
- b. with respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

**24. Nuclear Hazard Clause**

- a. "Nuclear Hazard" means any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

- b. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
- c. This policy does not apply to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

**25. 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, that 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 you received for the recovered property.

**26. Volcanic Eruption Period.** One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

**27. Loss Deductible Clause.** The amount of deductible shown in the Declarations of this policy shall be deducted from the amount of loss to all property covered hereunder in any one occurrence resulting from the perils insured against.

This clause does not apply to Fair Rental Value or any Fire Department Service Charge.

**28. Your Right to Copies of Certain Claim Documents.** You may obtain from us, within 15 calendar days after our receipt of your written request, copies of documents that relate to the evaluation of damages. These documents may include repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third party findings on the amount of loss, covered damages and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage and cost of repairs.

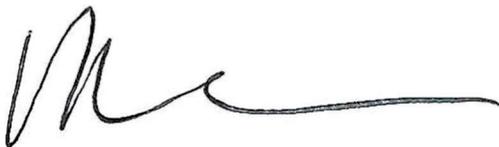
These documents do not include attorney work product privileged documents, documents reflecting privileged confidential attorney-client communications, documents that indicate fraud by you or any insured, documents that contain medically privileged information. The right to obtain documents under this paragraph will not limit or expand the parties' rights set out elsewhere in the policy, and will not limit the rights of either party in the event of a suit.

**29. Adjusters.** If, within a six-month period, we assign a third or subsequent adjuster to be primarily responsible for your claim, we shall provide you with a written status report that includes a summary of any decisions or actions are substantially related to the disposition of the claim, including the amount of losses to structures or contents, whether we have retained any design or construction professionals, the amount of coverage for losses to structures or contents, and all items of dispute.

**30. Right to Obtain a Copy of the Policy.** After a covered loss, we will provide, free of charge, a complete, current copy of your policy within 30 calendar days after we receive your request for a copy. The time period for us to provide this copy may be extended by the Insurance Commissioner.

If you would like a copy of your policy but have not experienced a covered loss, upon your request we will provide you with one free copy of your policy per year.

IN WITNESS WHEREOF,



*President*



*Vice President of Product and Underwriting*