

1 T. Connor O'Carroll (SBN 312920)
2 Email: cocarroll@reedsmith.com
3 REED SMITH LLP
4 101 Second Street, Suite 1800
5 San Francisco, CA 94105-3659
6 Telephone: +1 415 543 8700
7 Facsimile: +1 415 391 8269

8 Douglas C. Rawles (SBN 154791)
9 Email: drawles@reedsmith.com
10 REED SMITH LLP
11 355 South Grand Avenue, Suite 2900
12 Los Angeles, CA 90071
13 Telephone: +1 213 457 8000
14 Facsimile: +1 213 457 8080

15 PERREY S. LEE (*pro hac vice application forthcoming*)
16 Email: Perrey@gmhatlaw.com
17 GAUTHIER MURPHY & HOUGHTALING LLC
18 3500 North Hullen Street
19 Metairie, Louisiana 70002
20 Telephone: (504) 456-8600
21 Facsimile: (504) 456-8624

Per local Rule, This case is assigned to
Judge Fannin, Jill C, for all purposes.

Attorneys for Plaintiff

SUMMONS ISSUED

SUPERIOR COURT FOR THE STATE OF CALIFORNIA
COUNTY OF CONTRA COSTA

HAPPY VALLEY ROAD LLC,

Plaintiff,

v.

AMGUARD INSURANCE COMPANY,

Defendant.

CASE NO.: C22-01884

**PLAINTIFF'S COMPLAINT FOR
DECLARATORY RELIEF AND DAMAGES**

JURY TRIAL DEMANDED

1 Plaintiff Happy Valley Road LLC (“Plaintiff”), by its undersigned counsel, hereby submits
2 its Complaint against Defendant, AmGUARD Insurance Company (“Defendant”), and in support
3 thereof, alleges as follows:

4 **I. NATURE OF ACTION**

5 1. This is an action for declaratory judgment and breach of contract arising out of the refusal
6 of Defendant, a multi-billion dollar business, to live up to its promise to its policyholder, Plaintiff.
7 Defendant promised to pay for, in exchange for premiums paid, physical loss of or damage to
8 insured property and related business interruption losses and expenses under a homeowners
9 insurance policy that is specifically endorsed to provide coverage for Loss of Use and prohibition of
10 use by civil authorities, including coverage for Dwelling Rental Activities and Broadened Home-
11 Sharing Host Activities.

12 2. Plaintiff owns and rents high end residential real estate in Orinda, California. Most of
13 Plaintiff’s business consists of short term rentals very sensitive to the closures and loss of the ability
14 to use properties for rentals and home-sharing associated with COVID-19.

15 3. The pandemic had an unprecedented and catastrophic effect on Plaintiff’s property and
16 business operations, causing tremendous financial losses.

17 4. The havoc wrought by the pandemic is well-documented. According to the Centers for
18 Disease Control (“CDC”), to date, COVID-19 has infected more than thirty-three million people
19 and killed nearly 600,000 in the United States. The state where Plaintiff’s business operations are
20 located have not been spared from this tragedy.

21 5. Beyond the human toll, the pandemic has had a devastating impact on the economies of the
22 state of California where Plaintiff’s business operations are located, causing widespread physical
23 losses, property damage and loss for many businesses, including Plaintiff’s. As a result of the
24 pandemic, Plaintiff has been prevented from conducting normal business operations and deprived of
25 the use of its business premises. Even when permitted to open, as a result of the spread of COVID-
26
27
28

1 19, Plaintiff was unable to operate its business location without substantial physical alterations and
2 other protective measures. Further, the presence of COVID-19 and SARS-CoV-2 within Plaintiff's
3 insured property also caused direct physical loss of or damage to properties (or both) by
4 transforming the property from usable and safe into property that is unsatisfactory and prohibited for
5 use, uninhabitable, unfit for their intended function, and extremely dangerous and potentially deadly
6 for humans. In short, Plaintiff lost the ability to use its property and suffered direct physical loss to
7 property, both perils that are insured against.

9 6. SARS-CoV-2 and COVID-19 caused direct physical loss of use of or damage to the
10 property (or both) throughout the locale where Plaintiff's business operations are based, including to
11 Plaintiff's covered business and surrounding properties, by altering the physical conditions of the
12 property so that they were no longer safe or fit for occupancy or use, and/or permitted to be used.
13 Specifically, SARS-CoV-2 attaches itself to surfaces and properties, thereby producing physical
14 change in the condition of the surfaces and properties—from safe and touchable to unsafe and
15 deadly. SARS-CoV-2 and COVID-19 also physically alter and damage the air within buildings
16 such that the air is no longer safe to breathe.

18 7. It is often the case that the source of a covered property insurance loss can ultimately be
19 cleaned, removed, contained, or remediated, yet that does not mean that there was no "direct
20 physical loss to property" in the first place. This was true for mold, odors, smoke, fumes, and
21 asbestos fibers that triggered coverage in other cases and the same is true here. That is especially
22 significant when it comes to business interruption losses, where even modest impacts to property
23 lead to covered losses. The coronavirus can be disinfected or cleaned, but it still causes a distinct
24 and demonstrable alteration to property and Plaintiff lost the use of its property. That is what has
25 triggered coverage for Plaintiff's significant losses here.
26
27
28

1 8. Because of the physical alterations of its property, including the air, airspaces, and surfaces
2 in its properties, which rendered the insured property incapable of performing its essential functions,
3 Plaintiff sustained direct physical loss to property, and lost the use of its property. The disruption of
4 normal business operations resulted in the severe and substantial losses more particularly described
5 below.

6
7 9. To date, Plaintiff has suffered hundreds of thousands of dollars in loss and damage, all of
8 which remains unreimbursed by Defendant despite being covered under the terms of the policy
9 purchased.

10 10. Historically, the risk of loss due to virus or pandemic is a covered cause of loss under all-
11 risk policies, similar to the broad policy issued to Plaintiff in this matter.

12
13 11. Payment of business interruption losses due to virus or pandemic were most recently issued
14 in 2003 during the Severe Acute Respiratory Syndrome (SARS) pandemic caused by a coronavirus,
15 SARS-CoV.

16 12. For example, the Mandarin Oriental International Ltd. secured a \$16 million payment for its
17 business interruption losses for its hotels due to cancellations and reduced local food and beverage
18 sales stemming from the SARS outbreak. Similarly, the Peninsula Hotel Group received a payment
19 of \$12 million from their business interruption insurance to mitigate the loss of income due to
20 SARS.

21
22 13. After SARS, the insurance industry moved to exclude losses stemming from virus or
23 pandemic through exclusions to be added to new and renewed policies.

24 14. Under information and belief, Insurance Commissioners across the country approved
25 insurers' use of virus and pandemic exclusions under the misrepresentation of the insurance industry
26 that the exclusions would not affect coverage, including in the jurisdictions related in this matter.

1 15. Virus and pandemic exclusions, similar to other exclusions, are not automatic and must be
2 specifically included in each insurance policy.

3 16. Insurance policies vary in language and forms, and do not all provide the same coverage
4 across the board.

5 17. Under information and belief, after SARS, Defendant issued all-risk commercial and
6 homeowners policies of insurance both with and without virus and pandemic exclusions.
7

8 18. Plaintiff's Policy did not include virus and pandemic exclusions.

9 19. Plaintiff is yet another victim of the insurance industry's universal denial and rejection of
10 its coverage obligations for COVID-19 business interruption losses. Defendant has left Plaintiff
11 with no choice but to seek judicial intervention to enforce the obligations owed to it by Defendant
12 pursuant to the terms and conditions of the homeowners policy Defendant sold to Plaintiff providing
13 coverage for Loss of Use, including coverage for Dwelling Rental Activities and Broadened Home-
14 Sharing Host Activities (the "Homeowners Policy"). The Homeowners Policy is attached hereto as
15 **Exhibit A** and is incorporated herein by reference.
16

17 20. Prior to the pandemic, Plaintiff purchased the Homeowners Policy from Defendant, which
18 included coverage for direct physical loss of or loss of use of properties (or both) for business
19 interruption exactly like that caused by the COVID-19 pandemic and/or closure orders.
20

21 21. The Homeowners Policy specifically insures against business interruption losses and losses
22 occasioned by government orders, among many other covered losses. The Homeowners Policy
23 specifically contemplates business interruptions from loss of use involving dwelling rental activities
24 and home-sharing host activities. Plaintiff has experienced losses that fall within these coverages.
25 For this broad business interruption protection, Plaintiff paid significant premiums.
26

27 22. Plaintiff's purchase of this broad coverage created a reasonable expectation that the
28 coverage will apply if Plaintiff has a business interruption resulting from unforeseen and fortuitous

1 events, such as the physical damage, loss to property, and inability to use its property or a forced
2 government shutdown of its businesses as a result of a pandemic or other large-scale natural
3 disaster. In particular, Plaintiff could not foresee the physical damage and loss of property use
4 produced by the COVID-19 pandemic or the government orders shuttering businesses as a result of
5 the physical damage produced by the COVID-19 pandemic. After faithfully paying a high premium
6 for this Loss of Use and business interruption involving dwelling rental activities and home-sharing
7 host activities, Plaintiff had a reasonable expectation that the business interruption coverage would
8 apply and protect it. Plaintiff had such expectations and sought coverage from Defendant for the
9 losses.

10 23. Despite the coverage provided and the expectations of Plaintiff, who paid a significant
11 premium for it, Defendant preemptively denied claims submitted by businesses for all types of
12 business interruption coverage during the COVID-19 pandemic, including policies like those sold to
13 Plaintiff. In violation of state law, Defendant denied coverage without conducting an investigation
14 or considering supporting evidence. Through its conduct, Defendant wrongfully breached its
15 obligations under the Homeowners Policy and left Plaintiff without the insurance benefits it paid
16 for, relied upon, and desperately needed during the business closures and interruptions and to
17 remediate its ongoing property damage.

18 24. The insurance industry has repeatedly and falsely warned courts and the media that
19 COVID-19-related claims will bankrupt insurers and force them to raise premiums and restrict
20 coverages – but they have reaped enormous profits by denying covered claims and have continued
21 to raise premiums despite refusing to uphold their coverage obligations.

22 25. Plaintiff seeks a declaration that the presence, statistically certain presence, or suspected
23 presence of the SARS-CoV-2 virions in or on Plaintiff’s property and the ubiquitous presence of the
24 virions throughout Orinda and state of California where Plaintiff’s covered business operations are
25 located, and the resulting governmental orders, cause “loss of use” and “direct physical loss to
26 property” within the meaning of those phrases as used in the Homeowners Policy sufficient to
27 trigger coverage, including under the Loss of Use coverage and endorsements covering Dwelling
28 Rental Activities and Broadened Home-Sharing Host Activities.

1 33. At all relevant times Defendant was, and presently is, duly authorized to transact the
2 business of insurance in California and is in fact transacting the business of insurance in California.

3 **III. JURISDICTION AND VENUE**

4 34. This Court has jurisdiction over this action because Plaintiff is a California resident,
5 Plaintiff seeks coverage with respect to property located in the State of California, Plaintiff's
6 insurance agent is located in California, and California state law applies to Plaintiff's claims.

7 35. Defendant is registered to do business in California and regularly conducts business in
8 California.

9 36. Venue in this Court is proper because Plaintiff's insured location is in Contra Costa County,
10 and Defendant conducts business in Contra Costa County.

11 **IV. PROCEDURAL HISTORY**

12 37. Plaintiff timely filed its Complaint against AmGuard in the Court of Common Pleas of
13 Luzerne County Pennsylvania on March 16, 2022 and filed its Amended Complaint on June 21,
14 2022.

15 38. On July 5, 2022, Defendant, AmGuard filed its Preliminary Objections to Plaintiff's
16 Amended Complaint and Alternative Request to Dismiss This Matter Pursuant to Interstate Forum
17 Non Conveniens.

18 39. The Court of Common Pleas of Luzerne County Pennsylvania heard Defendant's
19 Preliminary Objections to Plaintiff's Amended Complaint and Alternative Request to Dismiss This
20 Matter Pursuant to Interstate Forum Non Conveniens on August 30, 2022.

21 40. The Court of Common Pleas of Luzerne County Pennsylvania granted Defendant's
22 Alternative Request to Dismiss This Matter Pursuant to Interstate Forum Non Conveniens on
23 August 30, 2022 and sent its Order of dismissal to undersigned counsel on September 2, 2022. The
24 Order of Dismissal is attached hereto as **Exhibit B**, and the email correspondence submitting same
25 to the parties on September 2, 2022 is attached as **Exhibit C**. The Order specified that the matter
26 was being dismissed without prejudice and granted Plaintiff leave to refile in the State of California.

27 41. The doctrine of equitable tolling of the statute of limitations is recognized in the State of
28 California and is "designed to prevent unjust and technical forfeitures of the right to a trial on the

1 merits when the purpose of the statute of limitations—timely notice to the defendant of the
2 plaintiff’s claims—has been satisfied.’ Where applicable, the doctrine will ‘suspend or extend a
3 statute of limitations as necessary to ensure fundamental practicality and fairness.’” *McDonald v.*
4 *Antelope Valley Community College Dist.*, (2008) 45 Cal.4th 88, 99 [84 Cal.Rptr.3d 734, 194 P.3d
5 1026] (internal citations omitted.).

6 42. “[T]he effect of equitable tolling is that the limitations period stops running during the
7 tolling event, and begins to run again only when the tolling event has concluded. As a consequence,
8 the tolled interval, no matter when it took place, is tacked onto the end of the limitations period, thus
9 extending the deadline for suit by the entire length of time during which the tolling event previously
10 occurred.” *Lantzy v. Centex Homes*, (2003) 31 Cal.4th 363, 370–371 [2 Cal.Rptr.3d 655, 73 P.3d
11 517].

12 43. Thus, this matter was tolled in the time during which this matter was pending in the Court
13 of Common Pleas of Luzerne County Pennsylvania, and the present lawsuit is timely-filed.

14 V. THE COVID-19 GLOBAL PANDEMIC

15 44. In December 2019, during the term of the Homeowners Policy, an outbreak of illness
16 known as COVID-19 caused by a novel coronavirus formally known as SARS-CoV-2 was first
17 identified in Wuhan, Hubei Province, China. In an unprecedented event that has not occurred in
18 more than a century, a pandemic of global proportions then ensued, with the illness and virus
19 quickly spreading to Europe and then to the United States.

20 45. In 2020, COVID-19 decimated the economies of the states where Plaintiff’s business
21 operations are located, including Plaintiff’s business operations.

22 46. COVID-19 is highly transmissible and spreads rapidly. For example, as of March 1, 2020
23 there were 87,137 confirmed COVID-19 cases across the globe.¹ That number increased to over
24 432,000,000 confirmed cases as of February 2022.² According to the CDC, to date, COVID-19 has
25 infected more than seventy-eight million people and killed over 940,000 in the United States.³

26
27 ¹ See <https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200301-sitrep-41-covid-19.pdf>.

28 ² See <https://graphics.reuters.com/world-coronavirus-tracker-and-maps/> (last visited February 27, 2022).

³ See <https://covid.cdc.gov/covid-data-tracker/#datatracker-home> (last visited February 27, 2022).

1 47. At the pandemic’s peak, over 4,000 Americans were perishing per day from COVID-19.⁴ A
2 substantial number of Americans are still dying daily, with surges of cases and new and ever more
3 contagious variants of the Coronavirus occurring throughout the U.S.⁵ COVID-19 was the third-
4 leading cause of death in this country in 2020, surpassed only by heart disease and cancer.⁶

5 48. COVID-19 can be transmitted in several ways, including via human-to-human contact,
6 airborne viral particles, particularly within enclosed properties like the insured locations, and
7 touching surfaces or objects that have SARS-CoV-2 virions on them.

8 49. COVID-19 spreads easily from person to person and person to surface or object. Research
9 has revealed that COVID-19 primarily is spread by small, physical droplets expelled from the nose
10 or mouth when an infected person talks, yells, sings, coughs, or sneezes. A person who sneezes can
11 release a cloud of SARS-CoV-2-containing droplets that can span as far as 23 to 27 feet. The CDC
12 has stated that SARS-CoV-2 is most likely to spread when people are within six feet of each other
13 but has also recognized that SARS-CoV-2 may spread from an infected person who is more than six
14 feet away or who has left a given space. Further, according to the CDC, longer exposure time likely
15 increases exposure risk to COVID-19.

16 50. Making matters worse, pre-symptomatic and asymptomatic individuals can also transmit
17 COVID-19.⁷ Over 40% of all infections occur from people without any symptoms.⁸ Thus, even
18 individuals who appear healthy and present no identifiable symptoms of the disease have and
19 continue to spread the virus by breathing, speaking, or touching objects and surfaces. These
20 activities deposit SARS-CoV-2 virions in the air and on surfaces rendering the air and surfaces
21 changed from their previous condition. According to the World Health Organization (the “WHO”),
22 the incubation period for COVID-19, i.e., the time between exposure to SARS-CoV-2 and symptom
23 onset, can be up to 14 days. Other studies suggest that the period may be up to 21 days.

24
25 ⁴ Eugene Garcia, Lisa Marie Pane and Thalia Beaty, *U.S. tops 4,000 daily deaths from coronavirus for 1st time*, AP
26 NEWS, Jan. 8, 2021, <https://apnews.com/article/us-coronavirus-death-4000-daily-16c1f136921c7e98ec83289942322ee4> (last visited February 27, 2022).

⁵ See https://covid.cdc.gov/covid-data-tracker/#trends_dailydeaths (last visited February 27, 2022).

⁶ See <https://www.cdc.gov/nchs/products/databriefs/db427.htm> (last visited February 27, 2022).

⁷ See <https://www.nature.com/articles/s41591-020-0869-5> (last visited February 27, 2022).

⁸ See *id.*; <https://www.nbcnews.com/health/healthnews/asymptomatic-covid-19-cases-may-be-more-common-suspected-n1215481> (last visited February 27, 2022).

1 51. According to a report in The New York Times, “[a]n infected person talking for five
2 minutes in a poorly ventilated space can also produce as many viral droplets as one infectious
3 cough.”⁹ And one human sneeze can expel droplets that can travel up to 27 feet at nearly a hundred
4 miles an hour.¹⁰

5 52. Before infected individuals exhibit symptoms, *i.e.*, the so-called “pre-symptomatic” period,
6 they are most contagious, as their viral loads will likely be very high, and they may not know they
7 have become carriers. In addition, studies from the CDC and others estimate that 40% to 70% of
8 infected individuals may never become symptomatic (referred to as “asymptomatic” carriers). Pre-
9 symptomatic and asymptomatic carriers are likely unaware that they are spreading SARS-CoV-2 by
10 merely touching objects and surfaces, or by expelling droplets into the air. The National Academy
11 of Sciences has found that the majority of transmission is attributable to people who are not showing
12 symptoms, either because they are pre-symptomatic or asymptomatic.

13 53. Although these virus-containing droplets are very small, they are still physical, tangible
14 objects that can travel and attach to other surfaces, “such as tables, doorknobs, and handrails,” and
15 cause harm, loss, and damage, and physically alter the property and/or the integrity of the property.
16 Viruses, themselves, are microscopic and made up of genetic material surrounded by a protein
17 shell¹¹, but they are capable of being observed and can attach themselves to other things they
18 encounter. When droplets and viruses contact objects, they alter those objects, although not in way
19 perceptible by the naked human eye. These virus-containing droplets physically exist ubiquitously
20 in the community and building in which Plaintiff operates.

21 54. According to the CDC and the WHO, a person may become infected by touching these
22 surfaces or objects that have SARS-CoV-2 on them, and then touching his or her mouth, eyes, or
23 nose. And, when an uninfected person touches a surface containing SARS-CoV-2, the uninfected
24 person may transmit COVID-19 to another person, by touching and infecting a second surface,
25 which is subsequently touched by that other person. The CDC has thus recommended certain

26 _____
27 ⁹ See <https://www.nytimes.com/interactive/2020/04/14/science/coronavirus-transmission-cough-6-feet-ar-ul.html> (last
visited February 27, 2022).

28 ¹⁰ See <https://www.nationalgeographic.com/science/article/coronavirus-covid-sneeze-fluid-dynamics-in-photos> (last
visited February 27, 2022).

¹¹ See <https://rockedu.rockefeller.edu/component/what-are-viruses-made-of/> (last visited February 27, 2022).

1 physical and structural remedial measures for businesses to put into place in order to limit
2 transmission and continued surface alteration.

3 55. Numerous scientific studies have reported that SARS-CoV-2 can survive and persist within
4 the air and on surfaces and buildings after infected persons are present at a given location. Studies
5 have found that SARS-CoV-2 remains active and dangerous in the air in properties and on common
6 surfaces, including plastic, stainless steel, glass, wood, cloth, ceramics, rubber, and even money.¹²
7 All of these materials are present at Plaintiff's insured location.

8 56. Enclosed spaces where people gather in close proximity for social and business purposes
9 like Plaintiff's are reportedly particularly susceptible to circumstances favorable to the spread of
10 SARS-CoV-2 virions. An article published in April 2020 analyzed a case study of three families
11 (families A, B, and C) who had eaten at an air-conditioned restaurant in Guangzhou, China.¹³ One
12 member of family A, patient A1, had recently traveled from Wuhan, China. On January 24, 2020,
13 that family member ate at a restaurant with families A, B, and C. By February 5, 2020, 4 members
14 of family A, 3 members of family B, and 2 members of family C had become ill with COVID-19.
15 The only known source for those affected persons in families B and C was patient A1 at the
16 restaurant. Moreover, a study detected SARS-CoV-2 inside the heating and ventilation ("HVAC")
17 system connected to hospital rooms of sick patients. The study found SARS-CoV-2 in ceiling vent
18 openings, vent exhaust filters, and ducts located as much as 56 meters (over 183 feet) from the
19 rooms of the sick patients.¹⁴

20 57. Additionally, the CDC has stated that "there is evidence that under certain conditions,
21 people with COVID-19 seem to have infected others who were more than 6 feet away" and infected
22 people who entered the space shortly after the person with COVID-19 had left.¹⁵ A published
23 systematic review of airborne transmission of SARS-CoV-2 corroborated the CDC's concerns and

24 ¹² See, e.g., [https://www.thelancet.com/journals/lanmic/article/PIIS2666-5247\(20\)30003-3/fulltext](https://www.thelancet.com/journals/lanmic/article/PIIS2666-5247(20)30003-3/fulltext) (last visited
25 February 27, 2022); <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4659470/> (last visited February 27, 2022);
26 <https://www.nih.gov/news-events/nih-research-matters/study-suggests-new-coronavirus-may-remain-surfaces-days>
(last visited February 27, 2022); <https://www.cdc.gov/coronavirus/2019-ncov/more/scientific-brief-sars-cov-2.html>
(last visited February 27, 2022).

¹³ See https://wwwnc.cdc.gov/eid/article/26/7/20-0764_ (last visited February 27, 2022).

¹⁴ Karolina Nissen, et al., *Long-distance airborne dispersal of SARS-CoV-2 in COVID-19 wards*, 10 NATURE SCI.
27 REPORTS 19589 (Nov. 11, 2020), <https://doi.org/10.1038/s41598-020-76442-2> (last visited February 27, 2022).

¹⁵ CDC, *How COVID-19 Spreads* (last updated Oct. 28, 2020), <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/how-covid-spreads.html> (last visited February 27, 2022).

1 recommended procedures to improve ventilation of indoor air environments to decrease bioaerosol
2 concentration and physically reduce potential spread of SARS-CoV-2 in properties like the insured
3 locations.¹⁶

4 58. The CDC has recommended “ventilation interventions” to help reduce exposure to the
5 airborne Coronavirus in indoor spaces, including increasing airflow and air filtration (such as with
6 high-efficiency particulate air (“HEPA”) fan/filtration systems).¹⁷ These and other remedial
7 measures must be implemented, at high cost and extra expense, to reduce the amount of the SARS-
8 CoV-2 present in a given space and to make property safe for its intended use. These remedial
9 measures demonstrate direct physical loss of or damage to interior spaces like the insured locations
10 even where no virus is present.

11 59. The proposition advanced by the insurance industry that an indoor space containing the
12 infectious SARS-CoV-2 virions can be made safe and fit for its functional and intended use even
13 though the virions remain in the air and circulating throughout indoor environments either affixed to
14 property or in an aerosol capacity because the virions can be removed by routine surface cleaning is
15 false.

16 60. A number of studies have also demonstrated that SARS-CoV-2 is “much more resilient to
17 cleaning than other respiratory viruses so tested.”¹⁸ The measures that must be taken to remove the
18 Coronavirus from property are significant and far beyond ordinary or routine cleaning.

19 61. Efficacy of decontaminating agents for viruses is based on a number of factors, including
20 the initial amount of virus present, contact time with the decontaminating agent, dilution,
21 temperature, and pH, among many others. Detergent surfactants are not recommended as single
22 agents, but rather in conjunction with complex disinfectant solutions.¹⁹

23
24
25 ¹⁶ Zahra Noorimotlagh, et al., *A systematic review of possible airborne transmission of the COVID-19 virus (SARS-*
26 *CoV-2) in the indoor air environment*, 193 ENV'T RSCH. 110612, 1-6 (Feb. 2021),
https://www.sciencedirect.com/science/article/pii/S0013935120315097?dgcid=rss_sd_all (last visited February 27,
2022).

27 ¹⁷ CDC, *Ventilation in Buildings* (last updated Feb. 9, 2020), <https://www.cdc.gov/coronavirus/2019-ncov/community/ventilation.html#:~:text=HEPA%20filters%20are%20even%20more,with%20SARS%2DCoV%2D2>
28 (last visited February 27, 2022).

¹⁸ *Id.*

¹⁹ *Id.*

1 62. Additionally, it can be challenging to accurately determine the efficacy of decontaminating
2 agents. The toxicity of an agent may inhibit the growth of cells used to determine the presence of
3 virus, making it difficult to determine if lower levels of infectious virus are actually still present on
4 treated surfaces.²⁰

5 63. In order to be effective, cleaning and decontamination procedures require strict adherence
6 to protocols not necessarily tested under “real life” or practical conditions, where treated surfaces or
7 objects may not undergo even exposure or adequate contact time.²¹ Studies of coronaviruses have
8 demonstrated viral RNA persistence on objects despite cleaning with 70% alcohol.²²

9 64. When considering disinfection and decontamination, the safety of products and procedures
10 must be considered as well, due to the risks of harmful chemical accumulation, breakdown of
11 treated materials, flammability, and potential for allergen exposure.²³

12 65. Moreover, the aerosolized SARS-CoV-2 particles and virions cannot be eliminated by
13 routine cleaning. Cleaning surfaces in an indoor space will not remove the aerosolized SARS-CoV-
14 2 particles and virions from the air that people can inhale and develop COVID-19 – no more than
15 cleaning friable asbestos particles that have landed on a surface will remove the friable asbestos
16 particles suspended in the air that people can inhale.

17 66. Moreover, given the ubiquity and pervasiveness of SARS-CoV-2, no amount of cleaning or
18 ventilation intervention will prevent a person infected and contagious with the virus from entering
19 an indoor space like the insured properties and exhaling millions of additional particles and virions
20 into the air, further: (a) filling the air with the aerosolized SARS-CoV-2 virions that can be inhaled,
21 sometimes with deadly consequences; and (b) depositing SARS-CoV-2 particles and virions on
22 surfaces, physically altering and transforming those surfaces into disease-transmitting fomites.

23 67. Even as vaccines to protect against COVID-19 have recently become more available,
24 distribution remains uneven in the United States. Effective control of the disease’s spread since the
25 pandemic began has necessarily relied on measures designed to reduce human-to-human and

26 ²⁰ *Id.*

27 ²¹ *Id.*

28 ²² Joon Young Song, et al., *Viral Shedding and Environmental Cleaning in Middle East Respiratory Syndrome Coronavirus Infection*, 47 *INFECTION & CHEMOTHERAPY* 4, 252-5 (2015), <https://www.icjournal.org/DOIx.php?id=10.3947/ic.2015.47.4.252> (last visited February 27, 2022).

²³ *Id.*

1 surface-to-human exposure. Similarly, the governmental orders closing or severely limiting use of
2 non-essential business premises like Plaintiff’s business premises—resulting in the covered loss of
3 use here—are one of the most common modes of preventing transmission of the disease because,
4 among other things, the orders reduce the size and frequency of social gatherings and the physical
5 use of properties.

6 **V. COVID-19 AND SARS-CoV-2 CAUSE DIRECT PHYSICAL LOSS TO PROPERTY**

7 68. Virologists, scientists, and researchers all have confirmed that SARS-CoV-2 remains viable
8 and is active on physical surfaces and in the air. The persistent presence of the deadly, viable
9 SARS-CoV-2 on surfaces and in the air damages buildings and properties rendering them damaged,
10 lost, unsafe, unfit, and uninhabitable for normal occupancy or use.
11

12 69. Specifically, the scientific community has confirmed that SARS-CoV-2 and COVID-19
13 alter the conditions of properties and buildings such that the premises are physically damaged and
14 no longer safe and habitable for normal use. In this regard, SARS-CoV-2 and COVID-19 cause
15 direct loss to buildings and properties (or both).
16

17 70. This direct physical loss to property and loss of use of property results because SARS-CoV-
18 2 has a corporeal existence and is contained in respiratory droplets. Once expelled from infected
19 individuals, these droplets land on, attach, and adhere to surfaces and objects and physically
20 changes these once safe surfaces to “fomites.” Fomites are objects, previously safe to touch, that
21 now serve as a vehicle and mechanism for transmissions of an infectious agent. Fomites are the
22 result of SARS-CoV-2 physically changing air and property, making it unsafe. This physical
23 alteration and change makes physical contact with those previously safe indoor spaces and inert
24 surfaces (*e.g.*, walls, handrails, desks) unsafe and potentially deadly. This represents a physical
25 change in the affected enclosed space, surface or object, causing severe property loss and damage.
26 Affected properties are unusable, dangerous, and unsafe until the COVID-19-related conditions are
27 fully rectified.
28

1 71. Medical and scientific research also has established that SARS-CoV-2 and COVID-19
2 spread through indoor airborne transmission. When individuals carrying SARS-CoV-2 breathe,
3 talk, cough, or sneeze, they expel aerosolized droplet nuclei that remain in the air, accumulate in
4 buildings, and, like dangerous fumes, make the premises unsafe and affirmatively dangerous.
5 According to experts, buildings and properties accumulate the airborne SARS-CoV-2 indoors,
6 which plays a significant role in community transmission. As a result, SARS-CoV-2 and COVID-19
7 cause direct physical loss of or damage to properties and buildings (or both) by changing the
8 physical condition of air in buildings from safe and breathable to unsafe and dangerous.
9

10 72. Further, airborne viral particles are known to be able to spread into a facility's HVAC
11 system, leading to transmission of SARS-CoV-2 from person to person. The Environmental
12 Protection Agency ("EPA") has recommended that facilities make improvements to their ventilation
13 and HVAC systems by, for example, increasing ventilation with air filtration and outdoor air.
14 Accordingly, COVID-19 and SARS-CoV-2 cause direct physical loss of or damage to property (or
15 both) by, among other things, destroying, distorting, corrupting, attaching to, and physically altering
16 property, including its surfaces, and by rendering property unusable, uninhabitable, unfit for
17 intended functions, dangerous, and unsafe.
18

19 73. Fomites, droplets, droplet nuclei, and aerosols containing SARS-CoV-2 are not theoretical,
20 informational, or incorporeal, but rather are dangerous physical objects that have a tangible
21 existence. Their presence within an insured property causes direct physical loss to property or loss
22 of use of property (or both) by necessitating remedial measures that include without limitation
23 repairing or replacing air filtration systems, remodeling and reconfiguring physical spaces, removal
24 of fomites by certified technicians, and other measures. The presence of COVID-19 and SARS-
25 CoV-2 within an insured property transforms property from usable and safe into a property that is
26
27
28

1 unsatisfactory for use, uninhabitable, unfit for its intended function, and extremely dangerous and
2 potentially deadly for humans.

3 74. The presence of SARS-CoV-2 on property similarly creates the imminent threat of further
4 damage to that property or to nearby property. Individuals who come into contact, for example,
5 with respiratory droplets at one location in the property by touching a doorknob, table, or handrail,
6 will carry those droplets on their hands and deposit them elsewhere in the property, causing
7 additional damage and loss. Property impacted by SARS-CoV-2 is just as dangerous as property
8 impacted by fire or fumes or vapors (if not more), and all such damaged property is equally
9 incapable of producing revenues. Like the impact of fire, smoke, or noxious fumes, the impact of
10 potentially fatal COVID-19 constitutes direct physical loss to property or loss of use of property (or
11 both).
12

13 75. The direct physical loss to property and loss of use of property described in this section has
14 occurred at Plaintiff's insured location, leading to losses covered by the Homeowners Policy.
15 Plaintiff had to take action to secure and preserve its properties and its business operations. To the
16 extent that the Homeowners Policy requires structural alteration to establish "direct physical loss to
17 property" or "loss of use" which Plaintiff disputes, such alteration has occurred and rendered the
18 insured properties incapable of performing their essential functions. Plaintiff's losses are ongoing
19 and are likely to increase substantially given the length and ultimate severity of the outbreak and the
20 government response. Moreover, to the extent that the Homeowners Policy requires a permanent
21 loss of property to establish "physical loss," which Plaintiff disputes, such permanent loss has
22 occurred.
23
24
25
26
27
28

1 **VI. REACTIONS AT THE NATIONAL, STATE, AND LOCAL LEVELS**

2 76. Federal and state governments tried to slow the spread of COVID-19 and protect people,
3 property, and businesses. Unprecedented directives were issued, requiring certain businesses to
4 close and requiring residents to remain in their homes unless performing “essential” activities.
5

6 77. On January 31, 2020, the United States Department of Health and Human Services declared
7 that a public health emergency existed nationwide because of confirmed cases of COVID-19 in the
8 United States.

9 78. The earliest two confirmed deaths in the United States due to COVID-19 occurred in early
10 and mid-February 2020.

11 79. On March 11, 2020, the WHO officially declared the COVID-19 outbreak a worldwide
12 pandemic.
13

14 80. Beginning in early March 2020, U.S. state and local governments issued orders suspending
15 or severely curtailing the operations of all “non-essential” or “high risk” businesses in response to
16 the virus and/or risks created by virus. This included businesses such as those owned and operated
17 by Plaintiff.

18 81. On or about March 2020, state, counties, and cities where Plaintiff’s insured business is
19 located declared states of emergency to help prepare for broader spread of COVID-19.
20

21 82. On or about March 2020, the state of California and city of Orinda, issued orders closing or
22 restricting access to numerous business locations, including Plaintiff’s premises insured under the
23 Policy.

24 83. On March 10, 2020, the Contra Costa County Administrator issued a Press Release stating
25 that stating that “due to the introduction of coronavirus disease 2019 (COVID-19), conditions of
26 disaster or extreme **peril to the safety of persons and property** did exist in the County of Contra
27 Costa commencing on or about March 3, 2020, and therefore the Board proclaimed the existence of
28

1 a local emergency throughout this county.” (emphasis added). The March 10, 2020 Contra Costa
2 County Press Release is attached hereto as **Exhibit D**.

3 84. On March 16, 2020, the Health Officer of the County of Contra Costa issued an Order,
4 which, in part, prohibited “all travel, including but not limited to, travel on foot, bicycle, scooter,
5 motorcycle, automobile, or public transit,” unless for defined essential activities.” The March 16,
6 2020 Order of the Contra costa County Health Officer is attached hereto as **Exhibit E**.

7 85. These orders, together with similarly construed orders issued by state and federal
8 government officials, effectively curtailed Plaintiff’s on-premises operations, resulting in an
9 interruption of business operations and an immediate Dwelling Rental Activities Broadened Home-
10 Sharing Host Activities Coverage losses.

11 86. Because of the danger posed by COVID-19 and its spread as described above, the State of
12 California also determined that closure was necessary to slow the spread of COVID-19 as a result of
13 infected persons on the property or from those who would enter the property.

14 87. Other states, and county and city officials have issued similar orders throughout the United
15 States referencing physical property loss or damage or imminent threatened physical property loss
16 or damage from the virus.

17 88. Prior to the issuance of any of the orders curtailing or suspending non-essential business
18 operations, travelers would rent the Insured Property from Plaintiff on a consistent basis.

19 89. The vast majority of those individuals were not local residents, who would therefore have
20 to travel to rent Plaintiff’s property.

21 90. Given the number of infected individuals, it is a virtual certainty that infected individuals,
22 both symptomatic and asymptomatic, were present in Plaintiff’s business on a regular basis even
23 prior to the issuance of the governmental orders and would have been present daily in Plaintiff’s
24 business in an ever-increasing number in the absence of the issuance of those orders.
25
26
27
28

1 91. Exhalation by these infected individuals when coughing, sneezing, talking, laughing, and
2 even simply breathing created respiratory droplets and aerosolized particles containing the SARS-
3 CoV-2 virus that were inhaled into the noses, mouths, and lungs of other individuals and deposited
4 on surfaces within Plaintiff's business where later contact by uninfected individuals undoubtedly
5 resulted in transmission of SARS-CoV-2 to those individuals.
6

7 92. Each visit by an individual, whether symptomatic or asymptomatic, infected with SARS-
8 CoV-2 resulted in either the actual or an imminent threat of deposition and transmission of the
9 SARS-CoV-2 into the air and onto the surfaces within Plaintiff's business.

10 93. This actual or imminent threat of deposition and transmission of the SARS-CoV-2 virus on
11 Plaintiff's property made the property unfit to live in and unfit for use of its intended purpose under
12 the AmGuard Policy.
13

14 94. On information and belief, prior to and/or at the time of the governmental orders which
15 prohibited travel for non-essential activities, Plaintiff had agreements in place for dwelling rental or
16 home-sharing host rental activities, which were subsequently canceled, resulting in tremendous
17 losses to Plaintiff's business income.

18 95. For the reasons described above, COVID-19 and the governmental orders caused a total or
19 partial prohibition of access to Plaintiff's business as well as partial or total interruption of
20 Plaintiff's business operations. The direct physical loss of or damage to property (or both) caused
21 by COVID-19 and/or the orders and the further direct physical loss of or damage to property (or
22 both) threatened by COVID-19 have combined to devastate Plaintiff's business operations.
23

24 **VII. PLAINTIFF SUFFERED AND CONTINUES TO SUFFER COVERED LOSSES**

25 96. The SARS-CoV-2 virus is a covered cause of loss, because it is a risk of physical loss to
26 property or loss of use of property, and not otherwise excluded under the Homeowners Policy.
27
28

1 97. The issuance of the above-referenced closure orders by state, county, and city officials is a
2 covered cause of loss because it is a risk of physical loss or damage, and not otherwise excluded
3 under the Homeowners Policy.

4 98. Whether the SARS-CoV-2 virus and/or the above-referenced orders caused Plaintiff's
5 losses and expenses presents a factual question that is inappropriate for resolution at the motion to
6 dismiss stage.

7 99. The SARS-CoV-2 virus and/or the above-referenced orders issued by state, county, and city
8 officials have directly impacted Plaintiff's business, which do not qualify as essential businesses,
9 resulting in direct physical loss to property and loss of use for business. The damage and far-
10 reaching restrictions and prohibitions on the activities that can be conducted at Plaintiff's business
11 premises, and restoration efforts necessary to rid the premises of COVID-19, have been catastrophic
12 for Plaintiff's business – interrupting operations so pervasively as to effectively force Plaintiff to
13 close, thereby enduring a prolonged curtailment of earnings that threatens Plaintiff's survival.

14 100. Plaintiff's operations were suspended in order for Plaintiff to repair the insured
15 properties, including restoration efforts to rid the premises of and attempt to protect against further
16 physical loss and/or damage SARS-CoV-2. Plaintiff suffered a complete and permanent loss of use
17 of its business premises and the premises were unfit for use for their intended purposes.

18 101. Plaintiff's business was frequented by numerous individuals, including patrons,
19 employees, vendors, and other individuals carrying SARS-CoV-2 and COVID-19. In addition to
20 breathing SARS-CoV-2 and COVID-19 into the air, these individuals touched countless surfaces in
21 Plaintiff's insured premises, including walls, furniture, doors, tables, and other surfaces on the
22 floors, restrooms, and other areas on the premises.

23 102. The individuals that frequent Plaintiff's business daily, ranging from patrons to
24 vendors, are carrying or otherwise exposed to SARS-CoV-2 and COVID-19 and would have been in
25
26
27
28

1 contact with each other, furniture, doors, and other surfaces on the floors, restrooms, and other areas
2 on the premises.

3 103. Plaintiff has incurred significant losses and extra expense in nearly all aspects of its
4 business. Again, none of these expenses would have been incurred but for the impacts of the
5 COVID-19 pandemic and the resulting closure orders.
6

7 104. The SARS-CoV-2 virus and/or the above-referenced closure orders issued by state,
8 county, and city officials have caused physical loss or damage to business Plaintiff depends on to
9 attract customers to its insured business premises.

10 105. Plaintiff's business is within five miles of nursing homes, restaurants, cafes, bars,
11 parks, and hotels that have also suffered and continue to suffer physical damage due to the SARS-
12 CoV-2 virus and/or closure orders. Many of these nursing homes, restaurants, cafes, bars, parks,
13 and hotels almost certainly suffered direct physical loss to property and alteration of their premises
14 and contents as a result of the virtually certain and ubiquitous presence of SARS-CoV-2 due to
15 gathering of people affected by COVID-19, whether symptomatic or asymptomatic.
16

17 106. The SARS-CoV-2 virus and/or the above-referenced closure orders have further
18 caused Plaintiff to suffer loss of earnings directly resulting from physical loss or damage to property
19 at the premises of Plaintiff's suppliers, customers, and/or contract service providers.
20

21 **VIII. THE INSURANCE COVERAGE PURCHASED BY PLAINTIFF IS TRIGGERED**

22 107. Plaintiff and its business location is protected by the Homeowners Policy sold to
23 Plaintiff by Defendant for the time period November 2, 2019 to November 2, 2020, with Policy No.
24 HAHO074253.

25 108. Plaintiff is a Named Insured under the Homeowners Policy.

26 109. Plaintiff paid all premiums due to Defendant to purchase the Homeowners Policy
27 and otherwise complied with all applicable terms and conditions of coverage.
28

1 110. The Homeowners Policy provides a maximum limit of liability of \$888,600, with
2 various sublimits and time limits. Claims are subject to a deductible, as relevant here, of \$5,000 per
3 occurrence.

4 111. Section I – Perils Insured Against, Coverage A – Dwelling and Coverage B – Other
5 Structures of the Homeowners Policy states Defendant “insures against direct physical loss to
6 property described in Coverages A and B.”

7 112. Property Coverage D applies specifically to Loss of Use, including “if a civil
8 authority prohibits you from use of the ‘resident premises’ as a result of direct damage to
9 neighboring premises by a Peril Insured Against.”

10 113. “Property damage” is defined to include not just physical injury or destruction, but
11 also “loss of use of tangible property.”

12 114. Coverage D – Loss of Use of the Homeowners Policy provides coverage for the fair
13 rental value of the insured property:

14 The limit of liability for Coverage D is the total limit for the coverages in 1.
15 Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority
16 Prohibits Use below.

17 ...

18 2. Fair Rental Value

19 If a loss covered under Section I makes that part of the “residence premises”
20 rented to others or held for rental by you not fit to live in, we cover the fair
21 rental value of such premises less any expenses that do not continue while it
22 is not fit to live in.

23 Payment will be for the shortest time required to repair or replace such
24 premises.

25 ...

26 3. Civil Authority Prohibits Use

27 If a civil authority prohibits you from use of the “residence premises” as a
28 result of direct damage to neighboring premises by a Peril Insured Against,

1 we cover the loss as provided in 1. Additional Living Expense and 2. Fair
2 Rental Value above for no more than two weeks.

3 115. The Dwelling Rental Coverage Endorsement further defines business interruption
4 coverage for lost rental value for “dwelling rental activities” due to Loss of Use:

5 SECTION I – PROPERTY COVERAGES

6 D. Coverage D – Loss Of Use

7 Paragraph D.2. Fair Rental Value is replaced by the following:

8 2. Lost Rental Value Of “Dwelling Rental Activities”

9 If an “insured” has entered into a contract or agreement with another person
10 for “dwelling rental activities” for a specified period of time, and either:

11 a. A loss covered under SECTION I makes that part of the “residence
12 premises” used for such “dwelling rental activities” not fit to live in during
the period of time specified in such contract or agreement;

13 . . .

14 we cover the lost rental value of the “dwelling rental activities” specified
15 under such contract or agreement, less any expenses that do not continue
16 while it is not fit to live in, provided such contract was entered into prior to
the date of the loss.

17 Payment will be for the shortest period of time agreed upon for “dwelling
18 rental activities” under such contract or agreement.

19 116. “Dwelling rental activities” is defined in the Homeowners Policy as “a. The rental
20 or holding for rental of ‘residence premises’, in whole or in part, by an ‘insured’ or b. Any other
21 related property or services made available by an ‘insured’ for use during such ‘dwelling rental
22 activities,’ except property or services provided by another party.”

23 117. The Broadened Home-Sharing Host Activities Coverage Endorsement also provides
24 business interruption coverage for lost rental value of “home-sharing host activities”:

25 D. Coverage D – Loss Of Use

26 With respect to the coverage provided by this endorsement, Paragraph D.2.
27 Fair Rental Value is replaced by the following:
28

1 2. Lost Rental Value Of “Home-sharing Host Activities”

2 If an “insured” has entered into a contract or agreement with another person
3 through the use of a “homesharing network platform” for “home-sharing
4 host activities” for a specified period of time, and either:

5 a. A loss covered under SECTION I makes that part of the “residence
6 premises” used for such “home-sharing host activities” not fit to live in
7 during the period of time specified in such contract or agreement;

8 . . .

9 we cover the lost rental value of the “home-sharing host activities” specified
10 under such contract or agreement, less any expenses that do not continue
11 while it is not fit to live in.

12 Payment will be for the shortest period of time agreed upon for “home-
13 sharing host activities” under such contract or agreement.

14 118. The Homeowners Policy defines “home-sharing host activities” as “a. The: (1)
15 Rental or holding for rental; or (2) Mutual exchange of services; of the “residence premises” in
16 whole or in part, by an “insured” to a “home-sharing occupant” through the use of a “home-sharing
17 network platform”

18 119. The Homeowners Policy defines “home-sharing occupant” as “a person, other than
19 an ‘insured’, who: a. Has entered into an agreement or arranged compensation with an ‘insured’
20 through the use of a ‘home-sharing network platform’ for ‘home-sharing host activities’; or b. is
21 accompanying or staying with a person described in Paragraph 3.a. of this provision under such
22 ‘home-sharing host activities.’”

23 120. Shortly after Plaintiff ceased business operations, Plaintiff’s losses far exceeded the
24 deductible under the Homeowners Policy.

25 121. The policy Defendant sold to Plaintiff is a homeowners insurance policy. A
26 homeowners policy provides broad insurance coverage to policyholders for protection of their
27 property interests, including protection against disruption to their business operations operated
28 within a home. Under a homeowners policy, the insured’s burden to obtain coverage for a loss is

1 very limited—the insured needs only to show that its loss occurred and that the loss was fortuitous.
2 The burden then shifts to the insurer to show that a clear, express, and unambiguous exception or
3 exclusion in the policy bars or limits coverage.

4 122. The damages and losses incurred and continuing to be incurred by Plaintiff are
5 covered under the Homeowners Policy sold to Plaintiff by Defendant.
6

7 123. Plaintiff gave timely notice of its claims and has satisfied, is excused from
8 performing, or Defendant has waived or is estopped from insistence upon performance of, all
9 conditions of the Homeowners Policy, including but not limited to payment of required premiums
10 and provision of timely notice of claim.

11 124. Additionally, no exclusions under the Homeowners Policy unambiguously preclude
12 coverage for Plaintiff's claims. And, more specifically, no exclusions unambiguously preclude
13 coverage for direct physical loss to property or loss of use due to the effects of the COVID-19
14 pandemic and the ensuing closure orders and emergency directives.
15

16 125. Defendant knew how to draft an exclusion specifically excluding losses or damage
17 arising from a pandemic. The risks associated with viruses and pandemics have been known to the
18 insurance industry for a century and have been well known to Defendant in recent decades during
19 which we all have witnessed outbreaks and pandemics involving viruses such as SARS, MERS,
20 H1N1, and Zika.
21

22 126. Because these risks are well known, there are exclusions in common usage in the
23 insurance industry that specifically reference losses caused by pandemics. However, Defendant did
24 not include such a specific pandemic exclusion as part of the Homeowners Policy it sold to Plaintiff.

25 127. A pandemic is a natural disaster comprising unique features such as the emergence
26 of a *new* communicable disease-causing strain to which the general populations lack sufficient
27 immunity, the ability of this *new* strain to infect humans and to cause severe reactions, and the new
28

1 strain’s highly contagious transmission capability among humans as a vehicle for worldwide spread.
2 Indeed, the Chief Executive Officer of Zurich Insurance Group AG, a major insurance company, in
3 an interview with media outlets, referenced the COVID-19 pandemic as “put[ting] it in the
4 framework of a natural catastrophe.”²⁴

5
6 128. Plaintiff also has a reasonable expectation that the onset of the COVID-19
7 pandemic, the ensuing closure orders and later emergency directives, and resulting loss of use of
8 property, would trigger coverage under the Homeowners Policy described above as no exclusion
9 unambiguously applied to preclude coverage and Plaintiff had paid for extremely broad
10 “Homeowners” coverage with enhancements specifically directed at interruptions to Plaintiff’s
11 home-based business.

12 **X. DEFENDANT’S IMPROPER DENIAL OF PLAINTIFF’S CLAIMS**

13
14 129. Plaintiff has sustained actual loss and has incurred extra expense directly resulting
15 from direct physical loss to property and loss of use of property of the type insured under the
16 Homeowners Policy. No exclusions under the Homeowners Policy apply to preclude coverage for
17 Plaintiff’s claims. As a result, Plaintiff promptly notified Defendant of its claims for losses under
18 the Homeowners Policy.

19 130. At no time subsequent to Plaintiff providing notice to Defendant of the claims has
20 Defendant, or its representatives, requested to access, inspect, and/or test the properties at issue.

21 131. Rather, Defendant preemptively sought to limit Plaintiff’s coverage.

22 132. In its denial letter, Defendant concluded that there was “no enforceable order in
23 place by civil authorities which prohibited use of the residence premises due to the condition of the
24 property or neighboring premises.”
25
26

27
28 ²⁴ <https://www.bloomberg.com/news/videos/2020-05-14/zurich-may-pay-out-750-million-in-2020-due-to-virus-video>
(advance video to 1:36).

1 133. In its denial letter, Defendant also asserted that other policy coverages such as the
2 general Loss of Use or Fair Rental Value did not apply.

3 134. By failing to raise any other bases in its denial letter(s), Defendant waived any
4 additional grounds to contest Plaintiff's claims under governing law.

5 135. Plaintiff has substantially performed or otherwise satisfied all conditions precedent
6 to bringing this action and obtaining coverage pursuant to the Homeowners Policy and applicable
7 law, or alternatively, Plaintiff has been excused from performance by Defendant's acts,
8 representations, conduct, or omissions.
9

10 136. Defendant must abide by any and all previous representations and admissions made,
11 including to regulatory agencies, relating to coverage for virus and pandemic in such policies.
12 Specifically, Defendant cannot disclaim its previous regulatory admissions that virus causes
13 physical loss and damage that exposes insurers to claims for property damage, business interruption,
14 and extra expense, necessitating the insurers use of virus and pandemic exclusion in the market,
15 which was granted.
16

17 **XI. DEFENDANT'S DUTIES PURSUANT TO GOVERNING LAW**

18 137. On information and belief, Defendant adopted a company-wide stance at the
19 beginning of the pandemic to deny insureds like Plaintiff business interruption claims, regardless of
20 the facts giving rise to each policyholder's loss.
21

22 138. State insurance law requires that insurance companies act in good faith, abstain
23 from deception and practice honesty and equity in all insurance matters. The business of insurance
24 is affected by the public interest and engaging in the business of insurance requires insurers like
25 Defendant to promptly conduct fair, balanced, and thorough investigations of all bases of claims for
26 benefits made by their insureds, with a view toward honoring the claims. As part of these
27 obligations, an insurance company is obligated to diligently search for and consider evidence that
28

1 supports coverage of the claimed loss, and in doing so must give at least as much consideration to
2 the interests of its insured as it gives to its own interests.

3 139. Defendant has a duty to adopt and maintain a consistent and rational interpretation
4 of the Homeowners Policy sold to Plaintiff.

5 140. Defendant is bound to interpret and administer its insurance policies in accordance
6 with the requirements of governing state law.

7 141. Defendant is bound to investigate Plaintiff's claims in good faith and with an
8 individualized investigation into the cause of loss.

9 142. Defendant has failed to honor its obligations under the Homeowners Policy and
10 governing law to Plaintiff. As described in greater detail below, Defendant denied coverage and
11 breached (a) the Homeowners Policy sold to Plaintiff and (b) the duties of good faith and fair
12 dealing owed to Plaintiff. These breaches have caused great and incalculable damages to Plaintiff.
13 Defendant has threatened to violate and has violated its fiduciary duties to Plaintiff.

14 143. By engaging in evasive, dilatory, inconsistent and litigious tactics, Defendant
15 breached its obligation to act in good faith towards its policyholders, including Plaintiff, and the
16 public.

17
18
19 **XII. FIRST CAUSE OF ACTION**
20 **(For Declaratory Relief)**

21 144. Plaintiff incorporates by reference the allegations contained in the above-stated
22 paragraphs.

23 145. The controversy between Plaintiff and Defendant is ripe for judicial review.

24 146. The controversy is of sufficient immediacy to justify the issuance of declaratory
25 relief.

26 147. Plaintiff accordingly seeks a declaration from the Court that:
27
28

- 1 a. Each coverage provision identified in the Complaint is triggered by Plaintiff's
2 claims;
- 3 b. No exclusion in the Homeowners Policy applies to preclude or limit coverage for
4 Plaintiff's claims;
- 5 c. Plaintiff has satisfied or been excused from satisfying, or Defendant has waived or
6 is estopped from enforcing, all conditions precedent under the Homeowners Policy;
- 7 d. Defendant is contractually obligated under the Homeowners Policy to indemnify
8 Plaintiff for its claims for business interruption losses and additional expenses
9 sustained as a result of direct physical loss to property and loss of use of property
10 due to COVID-19, the ensuing closure orders, and emergency directives, up to the
11 applicable limit(s) of liability; and
- 12 e. The award of such additional relief as the Court deems just and appropriate.

13
14 **XIII. SECOND CAUSE OF ACTION**
15 **(Breach of Contract)**

16 148. Plaintiff incorporates by reference the allegations contained in the above-stated
17 paragraphs.

18 149. As set forth above, in return for premiums paid, Defendant sold Plaintiff the
19 Homeowners Policy, in which Defendant promised to pay for covered losses and expenses up to the
20 applicable Limit of Liability for an Occurrence.

21 150. Plaintiff promptly advised Defendant it sustained and is sustaining losses and
22 expenses covered by the Homeowners Policy.

23 151. Defendant has failed to accept, acknowledge or provide coverage for or make any
24 payment with respect to Plaintiff's losses and expenses.

25 152. Defendant's failure to provide coverage for Plaintiff's losses and expenses
26 constitutes a breach of the Homeowners Policy.

Exhibit A

Happy Valley Road LLC
3527 Mt Diablo Blvd # 507
Lafayette, CA 94549-3815

THANKS FOR SELECTING US



**In cooperation with
WORLDWIDE FACILITIES, LLC**

Happy Valley Road LLC
3527 Mt Diablo Blvd # 507
Lafayette, CA 94549

Thank you for choosing us!

Your new Homeowner's policy is provided by Berkshire Hathaway GUARD Insurance Companies – specifically AmGUARD Insurance Company. Therefore, you can feel confident that your insurance has been placed with a financially secure organization committed to providing excellent customer service. If you have a question about your policy or have a particular need, the combined professional staff of your agent (WORLDWIDE FACILITIES, LLC) and our company will be available to assist you.

Contact Your Agent for:

- Any inquiries about coverage issues, features that have been incorporated into your policy, and endorsements.

Agency phone: 213-236-4500

Contact Berkshire Hathaway GUARD Insurance Companies for:

- Any inquiries about billing.
- Questions about the status of a claim or available services.

Phone: 800-673-2465 – e-mail: csr@GUARD.com

While our staff is always ready to help, we suggest you become familiar with our **Policyholder Service Center** accessible on-line at www.guard.com. To log in to this secure site, enter your e-mail address and the password you created. If you are a first time user, you will be asked to go through a simple registration process to create your log-in credentials; the information below will be needed to complete this process:

Your Policy Number is **HAHO074253**.
Your Insurance Carrier is **AmGUARD Insurance Company**
Your Policy Effective Date is **11/02/2019**

From this Service Center, you will be able to accomplish most of your typical service needs such as:

- Obtaining a copy of your policy or some other insurance transactions.
- Getting a copy of your bill.
- Making a payment.
- Uploading documents (including photos) you want to get to us.
- And much more.

To Report a Claim: *Call us immediately at 888-NEW-CLMS - 24 hours a day, seven days a week.*

We appreciate your business and look forward to the opportunity to serve your insurance needs during the upcoming policy year. Please keep a copy of the letter handy for future reference.

enclosed: Homeowners Policy



GUARDIANTM
BY ELEXA



Two New Ways to Save:

**Discounts on Equipment to Prevent Water Damage
AND on your Insurance Costs!**

Berkshire Hathaway GUARD Insurance Companies is offering our policyholders an opportunity to save on the purchase of the Guardian leak detection and prevention system from Elexa Consumer Products, Inc. that will yield substantial savings on your Homeowners policy.

How Does Guardian Help?

According to the manufacturer, Guardian:

- Automatically closes your water main when Leak Detectors sense leaks, freezing temperatures, or earthquakes.
- Monitors toilets, basement doors, sump pumps, water heaters, appliances, sinks, drains, and more for leaks and floods.
- Allows you to control your system from anywhere in the world via the Guardian app (available for iOS and Android with no monthly service fees).



Click this link to see the equipment in action:
See Video [<https://youtu.be/S46LEqJE3qQ>].

What Steps Do I Take?

1. Visit GUARD's Policyholder Service Center at <https://policyholder.guard.com/>; select the "Tools and Resources" link; then, select the Guardian link.
2. Receive a 30% discount on your purchase of the Guardian Leak Prevention System Plus.
3. Install the Guardian system in your home.
4. Notify your agent so we can discount your premium.



Berkshire Hathaway
GUARD Insurance
Companies

P.O. Box A-H, Wilkes-Barre, PA 18703-0020 • www.guard.com • phone: 1-800-673-2465 • fax: 570-823-2059

Berkshire Hathaway GUARD Insurance Companies (BHIGIC) has not evaluated the Guardian product and makes no representations or warranties regarding it, all of which are hereby expressly disclaimed including, without limitation, the warranties of merchantability and fitness for a particular purpose. BHIGIC shall not be liable for any claims by customer arising out of or in any way related to the Guardian product. If the Guardian product is listed as a protective safeguard in the customer's insurance policy with BHIGIC then it is the customer's sole responsibility to have and maintain the safeguard in accordance with the terms of the protective safeguard endorsement and any claims customer may have regarding the Guardian Product related thereto shall not be deemed to alter or waive the terms of the protective safeguard endorsement.



Issued: 11/06/2019

**AmGUARD Insurance Company
A Stock Company**

Policy No.: HAHO074253

Renewal of: NEW

POLICY INFORMATION PAGE

[1] Named Insured and Address

Named Insured: Happy Valley Road LLC
 Residence Premises: 4134 Happy Valley Rd, Orinda, CA 94563-1200
 Mailing Address: 3527 Mt Diablo Blvd # 507, Lafayette, CA 94549-3815

[2] Agency

WORLDWIDE FACILITIES, LLC, 725 S. Figueroa St., Suite 1900, Los Angeles, CA 90017

[3] Policy Period

From November 2, 2019 to November 2, 2020, 12:01 AM, standard time at the residence Premises

[4] Coverage

This policy consists of the Coverage Forms listed on the **Schedule of Forms and Endorsements**. Coverage is provided where a premium or limit of liability is shown (below) for the coverage.

The Limit of Liability for this structure (Coverage A) is based on an estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, and specific information that you have provided about your home.

Section I	Limits of Liability	
A. Dwelling	\$ 2,962,000	
B. Other Structures	\$ 296,200	
C. Personal Property	\$ 592,400	
D. Loss of Use	\$ 888,600	
Section II		
E. Personal Liability	\$ 300,000	Each Occurrence
F. Medical Payments to Others	\$ 3,000	Each Person

[5] Premium

Basic Policy Premium	\$ 2,211.00
Additional Premium Charges Related to Other Coverages or Endorsements <small>This amount is the total of the premium for all additional optional charges; the individual coverages and charges are shown on the next page.)</small>	\$ 1,908.00
Total Premium	\$ 4,119.00

Issued: 11/06/2019

Policy No.: HAHO074253

Effective Date: 11/02/2019

In return for your payment of premium, and subject to all terms of this policy, we agree with you to provide insurance as stated in this policy.

Deductible:

Section I - All Perils: \$ 5000 Other - Theft: Same as All Peril Windstorm/Hail: Same as All Peril

ADDITIONAL PROTECTION ELECTED

COVERAGE	LIMIT	PREMIUM
Business Entity - Coverage Endorsement		92.00
Business Entity - Coverage Endorsement	Included	
Business Property		
Off-Premises Limit	1,500	
On-premises Limit	2,500	
Coverage C - Other Residences		
Limit	59,240	
Coverage C - Self-storage Facilities		
Limit	59,240	
Coverage C - Special Limits of Liability		
Jewelry, Watches and Furs Limit	1,500	
Money Limit	200	
Securities Limit	1,500	
Silverware, Goldware & Pewterware Limit	2,500	
Firearms Limit	2,500	
Portable Electronic Equipment in or upon a motor Vehicle Limit	1,500	
Credit Card, Electronic Fund Transfer Card or Access Device, Forgery and Counterfeit Money Coverage		1.00
Limit	1,000	
Damage to Property of Others		
Limit	1,000	
Debris Removal		
Limit	5%/1,000	
Dwelling Rental Activities		1378.00
Dwelling Rental Activities	Included	
Fire Department Service Charge		
Limit	500	

Issued: 11/06/2019

Policy No.: HAHO074253

Effective Date: 11/02/2019

Grave Markers		
Limit	5,000	
Home Systems Protection Coverage		30.00
Limit	50,000	
Landlord's Furnishings		
Limit	2,500	
Limited Fungi, Wet or Dry Rot or Bacteria Coverage		
Section I Limit	10,000	
Section II Limit	50,000	
Service Line Coverage		30.00
Limit	10,000	
Supplemental Loss Assessment Coverage		
Residence Premises	1,000	
Limit		
Trees, Shrubs and Other Plants		
Limit	5%/500	
Water Backup & Sump Overflow		377.00
Limit	50,000	
Workers' Compensation And Employers' Liability		
Limit	Included	

Issued: 11/06/2019

Policy No.: HAHO074253

Effective Date: 11/02/2019

SCHEDULE OF FORMS AND ENDORSEMENTS

<u>Form Number</u>	<u>Title</u>
HO WEL LET	WELCOME LETTER
HO GUARDIAN	GUARDIAN FLYER
HO DEC CA 05 19	Homeowners Policy Declarations
HO P 004 05 11	LIMITED HOME DAY CARE COVERAGE ADVISORY NOTICE TO POLICYHOLDERS
HO FCRA	Notice of Consumer Rights Under the Fair Credit Report Act
HO PRIV POL	PRIVACY POLICY
IL P 001 01 04	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ('OFAC') ADVISORY NOTICE TO POLICYHOLDERS
HO 00 03 05 11	HOMEOWNERS 3 - SPECIAL FORM
HO RACE	California Race, National Origin, & Gender Form
HO 04 07 05 11	PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT - CALIFORNIA
HO 04 27 05 11	LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA COVERAGE
HO 04 46 10 00	INFLATION GUARD
HO 04 53 10 00	CREDIT CARD, FUND TRANSFER CARD, FORGERY AND COUNTERFEIT MONEY COVERAGE
HO 04 95 01 14	LIMITED WATER BACK-UP and SUMP DISCHARGE or OVERFLOW COVERAGE
HO 104 01 07 19	Special Provisions California
HO 23 99 05 11	Replacement Cost Loss Settlement for Certain Non-building Structures on the Residence Premises - California
HO 24 90 08 01	Workers' Compensation Residence Employees - California
HO 34 02 02 17	AIRCRAFT LIABILITY DEFINITION REVISED TO REMOVE EXCEPTION FOR MODEL OR HOBBY AIRCRAFT
HO 99 83 08 17	PROTECTIVE DEVICES
HO 99 89 06 17	SERVICE LINE COVERAGE
HO 99 90 06 17	HOME SYSTEMS PROTECTION
HO 99 92 06 17	DWELLING RENTAL COVERAGE ENDORSEMENT
HO 99 94 06 17	BUSINESS ENTITY - COVERAGE ENDORSEMENT
HO 99 98 06 17	BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE ENDORSEMENT
HO PN CA 01 01 19	CA Residential Property Insurance Disclosure
HO PN CA 02 01 19	Offer of Earthquake Coverage
HO PN CA 04 01 19	Notice of Noncoverage
IL 99 00 08 13	Authorization and Attestation
IL N 018 09 03	California Fraud Statement
IL N 135 07 11	CALIFORNIA RESIDENTIAL PROPERTY INSURANCE BILL OF RIGHTS
IL N 136 07 11	CALIFORNIA RESIDENTIAL PROPERTY INSURANCE BILL OF RIGHTS AND CLAIM REPORTING DISCLOSURE NOTICE
IL P 063 01 16	CALIFORNIA NOTICE OF DESIGNATED ADDITIONAL PERSON TO RECEIVE NOTICE OF CANCELLATION OR NONRENEWAL

Issued: 11/06/2019

Policy No.: HAHO074253

Effective Date: 11/02/2019

Issued: 11/06/2019

Policy No.: HAHO074253

Effective Date: 11/02/2019

OTHER INSURED LOCATIONS

Address(es)

MORTGAGEE(S)/LIENHOLDER(S)

Name

Address

Loan Number

LOSS PAYEE(S)

Name

Address

Personal Property

Issued: 11/06/2019

Policy No.: HAHO074253

Effective Date: 11/02/2019

PROTECTIVE DEVICES

As a condition of this insurance, you **MUST** maintain the protective devices or services shown below and discussed on form HO 99 83 attached to your policy. You should also be prepared to supply proof of proper maintenance upon request.

Name of Device

Fire Alarm: Central Station

Burglar Alarm: Central Station

Issued: 11/06/2019

Policy No.: HAHO074253

Effective Date: 11/02/2019

RECAP OF UNDERLYING POLICY INFORMATION PROVIDED TO US

Your coverage with us has been written based on the following information provided by you either directly or through your authorized representative:

Information about the Residence

Year built	1987
Square footage	4721
Type occupancy	Held for Rent
Number of families accommodated	1
Owner or tenant occupied	Home Sharing
Type electrical box	Circuit Breaker
Most recent plumbing update	N/A
Number of losses in last three years	0
(New Home Buyers Only)	
Date of Inspection – N/A for Not Applicable	N/A

Roof

Date of last update	2016
Shape	Hip
Primary covering used	Tile - Concrete
Hail resistance class	

Heating

Primary Type	Natural Gas
Other Secondary Type(s)/Appliances Used	N/A

Pets

Pets	No
Number of dogs	N/A
Breed(s) includes one of the following -- pit bulls, Rottweilers, Wolf Hybrids, or a mixed breed that includes one of these.	N/A
History of Biting	N/A
Exotic	N/A
Description	
N/A	

Further Details

	Yes	No	N/A
Purchased within the last six months		X	
Primarily used for residential purposes	X		
Seasonal/secondary dwelling	X		
Dwelling will not be unoccupied for more than 30 days	X		
Mobile home, trailer home, or house trailer		X	
Underground oil tanks on property		X	
Swimming pool	X		
Swimming pool within area enclosed by a fence	X		
Diving board for swimming pool		X	
Trampoline		X	
Trampoline in enclosed area			X
Use of drones		X	
Any residents with a history of smoking		X	
Used as a farm		X	
Structure is a rowhouse/townhouse		X	
Features log home constructions		X	

LIMITED HOME DAY CARE COVERAGE ADVISORY NOTICE TO POLICYHOLDERS

CAUTION: This is a summary of the limited coverage provided in your Homeowners Policy for Home Day Care services. No coverage is provided by this summary nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations Page for complete information on the coverage you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL. PLEASE READ YOUR POLICY CAREFULLY.**

- A.** "Business", as defined in the policy, means:
1. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
 2. Any other activity engaged in for money or other compensation, except the following:
 - a. One or more activities:
 - (1) Not described in **b.** through **d.** below; and
 - (2) For which no insured receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - b. Volunteer activities for which no money is received, other than payment for expenses incurred to perform the activity;
 - c. Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - d. The rendering of home day care services to a relative of an insured.
- B.** If you or any other insured regularly provides home day care services to a person or persons other than you or any other insureds as their trade, profession or occupation, that service is a "business".
- C.** If home day care service is not your or any other insured's given trade, profession or occupation but is an activity:
1. That you or any other insured engages in for money or other compensation; and
 2. From which you or any other insured receives more than \$2,000 in total/combined compensation from it and any other activity for the 12 months before the beginning of the policy period;
- the home day care service and other activity will be considered a "business".
- D.** With respect to **C.** above, home day care service is only an example of an activity engaged in for money that may be a "business". Any single activity or combination of activities:
1. Described in **A.2.** above; and
 2. Engaged in for money by you or any other insured;
- may be considered a "business" if the \$2,000 threshold is exceeded.
- E.** With respect to **A.** through **D.** above, coverage does not apply to or is limited with respect to home day care service which is a "business". For example, this policy:
1. Does not provide:
 - a. Section **II** coverages. This is because your "business" or the "business" of any other insured is excluded under Section **II** – Exclusions;
 - b. Coverage, under Section **I**, for other structures from which any "business" is conducted; and

2. Limits Section I coverage, under Coverage **C** – Special Limits Of Liability, for "business" property:
- a. On the residence premises for the home day care "business" to \$2,500. This is because Coverage **C** – Special Limits Of Liability imposes that limit on "business" property on the residence premises;
 - b. Away from the residence premises for the home day care "business" to \$1,500. This is because Coverage **C** – Special Limits Of Liability imposes that limit on "business" property away from the residence premises. This limit does not apply to antennas, tapes, wires, records, disks or other media that are:
 - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) In or upon a motor vehicle.

A Summary of Your Rights Under the Fair Credit Reporting Act

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records, and rental history records). Here is a summary of your major rights under the FCRA. **For more information, including information about additional rights, go to www.consumerfinance.gov/learnmore or write to: Consumer Financial Protection Bureau, 1700 G Street N.W., Washington, DC 20552.**

- **You must be told if information in your file has been used against you.** Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance, or employment – or to take another adverse action against you – must tell you, and must give you the name, address, and phone number of the agency that provided the information.

- **You have the right to know what is in your file.** You may request and obtain all the information about you in the files of a consumer reporting agency (your “file disclosure”). You will be required to provide proper identification, which may include your Social Security number. In many cases, the disclosure will be free. You are entitled to a free file disclosure if:

- a person has taken adverse action against you because of information in your credit report;
- you are the victim of identity theft and place a fraud alert in your file;
- your file contains inaccurate information as a result of fraud;
- you are on public assistance;
- you are unemployed but expect to apply for employment within 60 days.

In addition, all consumers are entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See www.consumerfinance.gov/learnmore for additional information.

- **You have the right to ask for a credit score.** Credit scores are numerical summaries of your credit-worthiness based on information from credit bureaus. You may request a credit score from consumer reporting agencies that create scores or distribute scores used in residential real property loans, but you will have to pay for it. In some mortgage transactions, you will receive credit score information for free from the mortgage lender.

- **You have the right to dispute incomplete or inaccurate information.** If you identify information in your file that is incomplete or inaccurate, and report it to the consumer reporting agency, the agency must investigate unless your dispute is frivolous. See www.consumerfinance.gov/learnmore for an explanation of dispute procedures.

- **Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information.** Inaccurate, incomplete or unverifiable information must be removed or corrected, usually within 30 days. However, a consumer reporting agency may continue to report information it has verified as accurate.

- **Consumer reporting agencies may not report outdated negative information.** In most cases, a consumer reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.
- **Access to your file is limited.** A consumer reporting agency may provide information about you only to people with a valid need – usually to consider an application with a creditor, insurer, employer, landlord, or other business. The FCRA specifies those with a valid need for access.
- **You must give your consent for reports to be provided to employers.** A consumer reporting agency may not give out information about you to your employer, or a potential employer, without your written consent given to the employer. Written consent generally is not required in the trucking industry. For more information, go to www.consumerfinance.gov/learnmore.
- **You may limit “prescreened” offers of credit and insurance you get based on information in your credit report.** Unsolicited “prescreened” offers for credit and insurance must include a toll-free phone number you can call if you choose to remove your name and address from the lists these offers are based on. You may opt-out with the nationwide credit bureaus at 1-888-567-8688.
- **You may seek damages from violators.** If a consumer reporting agency, or, in some cases, a user of consumer reports or a furnisher of information to a consumer reporting agency violates the FCRA, you may be able to sue in state or federal court.
- **Identity theft victims and active duty military personnel have additional rights.** For more information, visit www.consumerfinance.gov/learnmore.

States may enforce the FCRA, and many states have their own consumer reporting laws. In some cases, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General. For information about your federal rights, contact:

TYPE OF BUSINESS:	CONTACT:
<p>1.a. Banks, savings associations, and credit unions with total assets of over \$10 billion and their affiliates. b. Such affiliates that are not banks, savings associations, or credit unions also should list, in addition to the CFPB:</p>	<p>a. Consumer Financial Protection Bureau 1700 G Street NW Washington, DC 20552 b. Federal Trade Commission: Consumer Response Center – FCRA Washington, DC 20580 (877) 382-4357</p>
<p>2. To the extent not included in item 1 above: a. National banks, federal savings associations, and federal branches and federal agencies of foreign banks b. State member banks, branches and agencies of foreign banks (other than federal branches, federal agencies, and Insured State Branches of Foreign Banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act c. Nonmember Insured Banks, Insured State Branches of Foreign Banks, and insured state savings associations d. Federal Credit Unions</p>	<p>a. Office of the Comptroller of the Currency Customer Assistance Group 1301 McKinney Street, Suite 3450 Houston, TX 77010-9050 b. Federal Reserve Consumer Help Center P.O. Box 1200 Minneapolis, MN 55480 c. FDIC Consumer Response Center 1100 Walnut Street, Box #11 Kansas City, MO 64106 d. National Credit Union Administration Office of Consumer Protection (OCP) Division of Consumer Compliance and Outreach (DCCO) 1775 Duke Street Alexandria, VA 22314</p>
<p>3. Air carriers</p>	<p>Asst. General Counsel for Aviation Enforcement & Proceedings Aviation Consumer Protection Division Department of Transportation 1200 New Jersey Avenue, S.E. Washington, DC 20590</p>
<p>4. Creditors Subject to Surface Transportation Board</p>	<p>Office of Proceedings, Surface Transportation Board Department of Transportation 395 E Street SW Washington, DC 20423</p>
<p>5. Creditors Subject to Packers and Stockyards Act</p>	<p>Nearest Packers and Stockyards Administration area supervisor</p>
<p>6. Small Business Investment Companies</p>	<p>Associate Deputy Administrator for Capital Access United States Small Business Administration 409 Third Street, SW, 8th Floor Washington, DC 20416</p>
<p>7. Brokers and Dealers</p>	<p>Securities and Exchange Commission 100 F Street NE Washington, DC 20549</p>
<p>8. Federal Land Banks, Federal Land Bank Associations, Federal Intermediate Credit Banks, and Production Credit Associations</p>	<p>Farm Credit Administration 1501 Farm Credit Drive McLean, VA 22102-5090</p>
<p>9. Retailers, Finance Companies, and All Other Creditors Not Listed Above</p>	<p>FTC Regional Office for region in which the creditor operates or Federal Trade Commission: Consumer Response Center – FCRA Washington, DC 20580 (877) 382-4357</p>

PRIVACY POLICY FACTS

Rev. May, 2018

WHAT DOES Berkshire Hathaway GUARD Insurance Companies do with your personal information?

AmGUARD Insurance Company
 NorGUARD Insurance Company
 EastGUARD Insurance Company
 WestGUARD Insurance Company
 GUARDCo, Inc., (a medical management affiliate)

Why?	Financial Companies choose how they share your personal information. Federal and state law gives consumers the right to limit some, but not all, sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do. This policy shall be deemed automatically amended to comply with these laws.
What?	The types of personal information we collect and share depend upon the product or service you have with us. This information can include: <ul style="list-style-type: none"> • Social Security number, date of birth, driving record, income • Credit history, credit-based insurance scores, insurance claim history, payment history When you are no longer our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons insurance companies share their customers' personal information; the reasons we choose to share; and whether you can limit this sharing.

REASONS WE CAN SHARE YOUR PERSONAL INFORMATION	Does Berkshire Hathaway GUARD share?	Can you limit this sharing?
For our everyday business purposes– such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, report to credit bureaus, or comply with government agency examinations/procedures.	Yes	No
For our marketing/processing purposes– to offer our products and services to you. (We may also disclose information received from you with companies that perform services for us.)	Yes	No
For joint marketing with other financial companies– we will share information with financial companies with which we have joint marketing/services agreements.	Yes	No
For our affiliates' everyday business purposes– we share information about your transactions and experiences.	Yes	No
For our affiliates' everyday business purposes– we may share information about your creditworthiness.	Yes	Yes
For our affiliates to market to you	Yes	Yes
For non-affiliates to market to you	Yes	Yes

To limit our sharing	<p>Call 1-800-673-2465 or visit us online at www.guard.com.</p> <p>* Please note: If you are a new customer, we can begin sharing your information 30 days from the date we provided this notice. When you are no longer our customer, we continue to share and protect your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
Questions?	Call Customer Service at 1-800-673-2465.
Who we are	
Who is providing this notice?	Berkshire Hathaway GUARD Insurance Companies (including property and casualty licensees AmGUARD Insurance Company, NorGUARD Insurance Company, EastGUARD Insurance Company, and/or WestGUARD Insurance Company as well as GUARDCo, Inc.) is providing this notice.
What we do	
How we protect your personal information?	To protect your personal information from unauthorized access and use, we implement security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How do we collect your personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> • apply for insurance • pay insurance premiums • file an insurance claim • give us your income information • give us your contact information. <p>We also collect your personal information from others (such as credit bureaus, affiliates, or other companies) including, for example, from:</p> <ul style="list-style-type: none"> • your insurance agent or producer • your transactions with our affiliates listed below or others consumer reporting agencies.
Why can't I limit all sharing?	<p>Federal and state law gives you the right to limit only:</p> <ul style="list-style-type: none"> • sharing for affiliates everyday business purposes – information about your creditworthiness and insurability • affiliates from using your information to market to you • sharing for non-affiliates to market to you.
What happens when I limit sharing for a policy I hold jointly with someone else?	Your choices will apply to everyone on your policy.
Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. Our affiliates include AmGUARD Insurance Company, NorGUARD Insurance Company, EastGUARD Insurance Company, and/or WestGUARD Insurance Company as well as GUARDCo, Inc. (our medical management affiliate).
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. We do not share with non-affiliated companies so they can market their products to you.
Joint marketing	A formal agreement between non-affiliated companies that together market insurance products or services to you. Our joint marketing partners include insurance licensees such as insurance agents appointed by Berkshire Hathaway GUARD.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

HOMEOWNERS 3 – SPECIAL FORM

AGREEMENT

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

DEFINITIONS

- A.** 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.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
 - a.** Liability for "bodily injury" or "property damage" arising out of the:
 - (1)** Ownership of such vehicle or craft by an "insured";
 - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
 - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
 - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
 - b.** For the purpose of this definition:
 - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
 - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
 - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
 - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
 - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
 - 3.** "Business" means:
 - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
 - b.** Any other activity engaged in for money or other compensation, except the following:
 - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - (4)** The rendering of home day care services to a relative of an "insured".
 - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
 - 5.** "Insured" means:
 - a.** You and residents of your household who are:
 - (1)** Your relatives; or
 - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
 - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
 - (1)** 24 and your relative; or

- (2) 21 and in your care or the care of a resident of your household who is your relative; or
- c. Under Section II:
 - (1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in 5.a. or b. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
 - (2) With respect to a "motor vehicle" to which this policy applies:
 - (a) Persons while engaged in your employ or that of any person described in 5.a. or b.; or
 - (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

- 6. "Insured location" means:
 - a. The "residence premises";
 - b. The part of other premises, other structures and grounds used by you as a residence; and
 - (1) Which is shown in the Declarations; or
 - (2) Which is acquired by you during the policy period for your use as a residence;
 - c. Any premises used by you in connection with a premises described in a. and b. above;
 - d. Any part of a premises:
 - (1) Not owned by an "insured"; and
 - (2) Where an "insured" is temporarily residing;
 - e. Vacant land, other than farm land, owned by or rented to an "insured";
 - f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

- g. Individual or family cemetery plots or burial vaults of an "insured"; or
- h. Any part of a premises occasionally rented to an "insured" for other than "business" use.
- 7. "Motor vehicle" means:
 - a. A self-propelled land or amphibious vehicle; or
 - b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.
- 8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:
 - a. "Bodily injury"; or
 - b. "Property damage".
- 9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.
- 10. "Residence employee" means:
 - a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
 - b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.
- 11. "Residence premises" means:
 - a. The one-family dwelling where you reside;
 - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
 - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:
 - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
 - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
 - a. Land, including land on which the other structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
 - c. Other structures from which any "business" is conducted; or
 - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Locations

a. Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

b. Self-storage Facilities

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
 - (a) Being repaired, renovated or rebuilt; and
 - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.
This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
 - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
 - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
 - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and

- (3) Is in or upon a "motor vehicle".

- k. \$250 for antennas, tapes, wires, records, disks or other media that are:

- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and

- (2) In or upon a "motor vehicle".

4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

- b. Animals, birds or fish;

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts. However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:

- (a) Reproduces, receives or transmits audio, visual or data signals; and

- (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service a residence; or

- (b) Designed to assist the handicapped;

- d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in **E.10. Landlord's Furnishings** under **Section I – Property Coverages**;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
 - (1) Books of account, drawings or other paper records; or
 - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under **Section I – Property Coverages**; or
- k. Water or steam.

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

1. Additional Living Expense

If a loss covered under **Section I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under **Section I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

4. Loss Or Expense Not Covered

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

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees:

- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
 - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:
 - (1) Increase the limit of liability that applies to the covered property; or
 - (2) Relieve you of your duties, in case of a loss to covered property, described in **C.4.** under Section I – Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. 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.

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 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

- a. We will pay up to \$500 for:
 - (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
 - (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
 - (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
 - (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

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

- b. We do not cover:
 - (1) Use of a credit card, electronic fund transfer card or access device:
 - (a) By a resident of your household;
 - (b) By a person who has been entrusted with either type of card or access device; or
 - (c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or
 - (2) Loss arising out of "business" use or dishonesty of an "insured".
- c. If the coverage in a. above applies, the following defense provisions also apply:
 - (1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
 - (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.
 - (3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under a.(3) above.

7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:
 - (1) Earthquake; or
 - (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph Q. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
 - (1) A building or any part of a building that is in danger of falling down or caving in;
 - (2) A part of a building that is standing, even if it has separated from another part of the building; or
 - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:
 - (1) The Perils Insured Against named under Coverage C;
 - (2) Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
 - (3) Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or

- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **d.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

- a. We cover:
 - (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
 - (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
 - (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.
- b. This coverage does not include loss:
 - (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or
 - (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.
- c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage **C**, other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

11. Ordinance Or Law

- a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
- (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

- c. We do not cover:

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

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

This coverage is additional insurance.

12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I – PERILS INSURED AGAINST

A. Coverage A – Dwelling And Coverage B – Other Structures

1. We insure against direct physical loss to property described in Coverages A and B.

2. We do not insure, however, for loss:

- a. Excluded under Section I – Exclusions;
- b. Involving collapse, including any of the following conditions of property or any part of the property:
 - (1) An abrupt falling down or caving in;
 - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above;

except as provided in E.8. Collapse under Section I – Property Coverages; or

c. Caused by:

- (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

- (2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - (a) Fence, pavement, patio or swimming pool;
 - (b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
 - (c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
 - (d) Pier, wharf or dock;
- (3) Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- (5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
 - (a) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or
 - (b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

(6) Any of the following:

- (a)** Wear and tear, marring, deterioration;
- (b)** Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (c)** Smog, rust or other corrosion, or dry rot;
- (d)** Smoke from agricultural smudging or industrial operations;
- (e)** Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage **C**.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;
- (f)** Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (g)** Birds, rodents or insects;
- (h)** Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (i)** Animals owned or kept by an "insured".

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** or **B** resulting from an accidental discharge or overflow of water or steam from within a:

- (i)** Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

- (ii)** Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

Section **I** – Exclusion **A.3**. Water, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **c.(5)** and **(6)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

B. Coverage C – Personal Property

We insure for direct physical loss to the property described in Coverage **C** caused by any of the following perils unless the loss is excluded in Section **I** – Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

- (1) Committed by an "insured";
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
- (4) That occurs off the "residence premises" of:
 - (a) Trailers, semitrailers and campers;
 - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
 - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

10. Falling Objects

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

b. This peril does not include loss:

- (1) To the system or appliance from which the water or steam escaped;
- (2) Caused by or resulting from freezing except as provided in Peril Insured Against **14. Freezing**;
- (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
- (4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section **I – Exclusion A.3. Water**, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

14. Freezing

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

SECTION I – EXCLUSIONS

- A. 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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11**. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or

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

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

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.2.a.** through **A.2.d.**, is covered.

3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section **I** – Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A**, **B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

B. We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance;of part or all of any property whether on or off the "residence premises".

SECTION I – CONDITIONS

A. 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:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Deductible

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**;
4. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
 - a. The time and cause of loss;
 - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the policy;
 - e. Specifications of damaged buildings and detailed repair estimates;
 - f. The inventory of damaged personal property described in **6.** above;

- g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**, stating the amount and cause of loss.

D. Loss Settlement

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11. Ordinance Or Law under Section I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property;
 - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
 - c. Structures that are not buildings; and
 - d. Grave markers, including mausoleums;at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
 - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The limit of liability under this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged building.If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of 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:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and
- (2) Less than \$2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **D. Loss Settlement**, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

E. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

F. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an 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 where the "residence premises" is located. 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 loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

G. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

H. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

I. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

J. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

K. Abandonment Of Property

We need not accept any property abandoned by an "insured".

L. Mortgage Clause

1. 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.
2. 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. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. 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 securities held as collateral to the mortgage debt.

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

M. 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.

N. Nuclear Hazard Clause

1. "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.
2. 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.
3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

O. 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 you received for the recovered property.

P. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

Q. Policy Period

This policy applies only to loss which occurs during the policy period.

R. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

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

S. Loss Payable Clause

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or

2. To a person off the "insured location", if the "bodily injury":

- a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
- b. Is caused by the activities of an "insured";
- c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
- d. Is caused by an animal owned by or in the care of an "insured".

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;
 - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
 - a. In dead storage on an "insured location";
 - b. Used solely to service a residence;
 - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
 - d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or

- (2) Owned by an "insured" provided the "occurrence" takes place:
 - (a) On an "insured location" as defined in Definition **B.6.a., b., d., e. or h.**; or
 - (b) Off an "insured location" and the "motor vehicle" is:
 - (i) Designed as a toy vehicle for use by children under seven years of age;
 - (ii) Powered by one or more batteries; and
 - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
 - e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
 - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (c) Cross public roads at designated points to access other parts of the golfing facility; or
 - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.
 - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
- a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
 - c. Is not a sailing vessel and is powered by:
 - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a) 50 horsepower or less and not owned by an "insured"; or
 - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
 - (2) One or more outboard engines or motors with:
 - (a) 25 total horsepower or less;
 - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
 - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
 - (i) You declare them at policy inception; or
 - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

B. "Watercraft Liability"

- 1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a charge; or

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location";
 - (a) On an occasional basis if used only as a residence;
 - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
 - b. Rented to an "insured"; or
 - c. Rented to others by an "insured";
- that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E – Personal Liability

Coverage E does not apply to:

1. Liability:
 - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D. Loss Assessment under Section II – Additional Coverages**;
 - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence";
unless excluded in **a.** above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada;or any of their successors; or

- b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definition **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with;
another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
 - a. Occurs off the "insured location"; and
 - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
3. From any:
 - a. Nuclear reaction;
 - b. Nuclear radiation; or
 - c. Radioactive contamination;all whether controlled or uncontrolled or however caused; or
- d. Any consequence of any of these; or
4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
 - a. To the extent of any amount recoverable under Section I;
 - b. Caused intentionally by an "insured" who is 13 years of age or older;
 - c. To property owned by an "insured";
 - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
 - e. Arising out of:
 - (1) A "business" engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".
 This Exclusion e.(3) does not apply to a "motor vehicle" that:
 - (a) Is designed for recreational use off public roads;
 - (b) Is not owned by an "insured"; and
 - (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
 - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
 - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
 - (1) Is elected by the members of a corporation or association of property owners; and
 - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
 - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
 - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage F Limit Of Liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and the "named insured" shown in the Declarations;
 - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
 - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
 - a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - c. With the conduct of suits and attend hearings and trials; and
 - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C. Damage To Property Of Others** under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:
 - a. Give us written proof of claim, under oath if required, as soon as is practical; and
 - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

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

SECTIONS I AND II – CONDITIONS

A. 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 in your state, 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 with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

B. 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.

C. Cancellation

1. 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.
2. We may cancel this policy only for the reasons stated below by letting you know 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. Proof of mailing will be sufficient proof of notice.
 - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
 - b. 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 10 days before the date cancellation takes effect.
 - c. 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:
 - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

- (2) If the risk has changed substantially since the policy was issued.

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

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:

- a.** An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

- b.** With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.



RACE, NATIONAL ORIGIN & GENDER FORM
 COMMUNITY SERVICE STATEMENT
 Berkshire Hathaway GUARD Insurance Companies

HAHO074253 Policyholder Number (for New Business Only)

This form is implemented to comply with California regulation 2646.6 and the California Statistical Analysis Bureau.

- Form is to be included with delivery of new policy.
- Applicable to Individual or Partnership policyholders. Does not include Corporations, Joint Ventures, or other Non-individual entity.
- The returned forms are stored in a manner that provides privacy to information contained in them. The forms are retained and used to tabulate and prepare a report for the state of California.

This information is requested by the state of California in order to monitor the insurer’s compliance with the law. All new policyholders are requested to voluntarily provide the following information.

No such information shall be used for purposes of underwriting or rating any policyholder.

Policyholder’s Name and Address (to be provided in order to refer back to the policy)

Happy Valley Road LLC
 3527 Mt Diablo Blvd # 507
 Lafayette, CA 94549

Policy Type: Homeowners

If policyholder does not wish to provide the Department of Insurance with this information, please check here _____

Check the Race or National Origin as it applies to the policyholder(s). For the purpose of completing this form, the policyholder is defined as: an individual, spouse, domestic partner, or business partner(s) named on the policy.

	<u>POLICYHOLDER</u>			<u>CO-POLICYHOLDER</u>		
	Male	Female	Business	Male	Female	Business
African-American	_____	_____	_____	_____	_____	_____
American Indian or Alaskan Native	_____	_____	_____	_____	_____	_____
Asian/Pacific Islander	_____	_____	_____	_____	_____	_____
Latino	_____	_____	_____	_____	_____	_____
White	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____

**Completed forms are to be sent to Berkshire Hathaway GUARD Insurance Companies
 PO Box A-H, Wilkes-Barre, PA 18702**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT – CALIFORNIA

A. Eligible Property

1. Covered losses to the following property are settled at replacement cost at the time of the loss:
 - a. Coverage **C**; and
 - b. If covered in this policy:
 - (1) Awnings, outdoor antennas and outdoor equipment; and
 - (2) Carpeting and household appliances; whether or not attached to buildings.
2. This method of loss settlement will also apply to the following articles or classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:
 - a. Jewelry;
 - b. Furs and garments:
 - (1) Trimmed with fur; or
 - (2) Consisting principally of fur;
 - c. Cameras, projection machines, films and related articles of equipment;
 - d. Musical equipment and related articles of equipment;
 - e. Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding:
 - (1) Pens or pencils;
 - (2) Flasks;
 - (3) Smoking implements; or
 - (4) Jewelry; and
 - f. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

Personal Property Replacement Cost loss settlement will not apply to other classes of property separately described and specifically insured.

B. Ineligible Property

Property listed below is not eligible for replacement cost loss settlement. Any loss will be settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

1. Antiques, fine arts, paintings and similar articles of rarity or antiquity, which cannot be replaced.
2. Memorabilia, souvenirs, collectors items and similar articles, whose age or history contribute to their value.
3. Articles not maintained in good or workable condition.
4. Articles that are outdated or obsolete and are stored or not being used.

C. Replacement Cost Loss Settlement Condition

The following loss settlement condition applies to all property described in **A.** above:

1. We will pay no more than the least of the following amounts:
 - a. Replacement cost at the time of loss without deduction for depreciation;
 - b. The full cost of repair at the time of loss;
 - c. The limit of liability that applies to Coverage **C**, if applicable;
 - d. Any applicable special limits of liability stated in this policy; or
 - e. For loss to any item described in **A.2.a. – f.** above, the limit of liability that applies to the item.
2. If the cost to repair or replace the property described in **A.** above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
3. We must be notified within:
 - a. 24 months after our payment for actual cash value if the loss or damage relates to a state of emergency under California Law; or
 - b. 12 months after our payment for actual cash value in all other cases;that you intend to repair or replace the damaged property.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA COVERAGE

SCHEDULE

These limits of liability apply to the total of all loss or costs payable under this endorsement, regardless of the number of "occurrences", the number of claims made, or the number of locations insured under this endorsement and listed in this Schedule.		
1.	Section I – Property Coverage Limit Of Liability for the Additional Coverage "Fungi", Wet Or Dry Rot, Or Bacteria	\$
2.	Section II – Coverage E Aggregate Sublimit of Liability for "Fungi", Wet Or Dry Rot, Or Bacteria	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

DEFINITIONS

The following definition is added:

"Fungi"

- a. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- b. Under Section II, this does not include any fungi that are, are on, or are contained in, a good or product intended for consumption.

SECTION I – PROPERTY COVERAGES

E. Additional Coverages

Paragraph **10.k.(2)(d)** is deleted in Form **HO 00 05** only.

The following Additional Coverage is added:

13. "Fungi", Wet Or Dry Rot, Or Bacteria

- a. The amount shown in the Schedule above is the most we will pay for:
 - (1) The total of all loss payable under Section I – Property Coverages caused by "fungi", wet or dry rot, or bacteria;
 - (2) The cost to remove "fungi", wet or dry rot, or bacteria from property covered under Section I – Property Coverages;
 - (3) The cost to tear out and replace any part of the building or other covered property as needed to gain access to the "fungi", wet or dry rot, or bacteria; and

- (4) The cost of testing of air or property to confirm the absence, presence or level of "fungi", wet or dry rot, or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.
- b. The coverage described in **13.a.** only applies when such loss or costs are a result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at and after the time the Peril Insured Against occurred.
- c. The amount shown in the Schedule for this coverage is the most we will pay for the total of all loss or costs payable under this Additional Coverage regardless of the:
 - (1) Number of locations insured under this endorsement; or
 - (2) Number of claims made.
- d. If there is covered loss or damage to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

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

SECTION I – PERILS INSURED AGAINST

In Form **HO 00 03:**

A. Coverage A – Dwelling And Coverage B – Other Structures

Paragraph **2.c.(5)** is replaced by the following:

- (5) Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds" and is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

Paragraph **2.c.(6)(c)** is replaced by the following:

- (c) Smog, rust or other corrosion;

B. Coverage C – Personal Property

12. Accidental Discharge Or Overflow Of Water Or Steam

Paragraph **b.(4)** is replaced by the following:

- (4) Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds" and is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

In Form **HO 00 05:**

A. Under Coverages A, B and C:

Paragraph **2.d.** is replaced by the following:

- d. Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds" and is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

Paragraph **2.e.(3)** is replaced by the following:

- (3) Smog, rust or other corrosion;

SECTION I – EXCLUSIONS

Exclusion **A.10.** is added:

10. "Fungi", Wet Or Dry Rot, Or Bacteria

"Fungi", Wet Or Dry Rot, Or Bacteria meaning the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria.

This exclusion does not apply:

- When "fungi", wet or dry rot, or bacteria results from fire or lightning; or
- To the extent coverage is provided for in the "Fungi", Wet Or Dry Rot, Or Bacteria Additional Coverage under Section I – Property Coverages with respect to loss caused by a Peril Insured Against other than fire or lightning.

Direct loss by a Peril Insured Against resulting from "fungi", wet or dry rot, or bacteria is covered.

SECTION I – CONDITIONS

Condition **Q. Policy Period** is replaced by the following:

Q. Policy Period

This policy applies to loss or costs which occur during the policy period.

SECTION II – CONDITIONS

Condition **A. Limit Of Liability** is replaced by the following:

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** Limit Of Liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions will be considered to be the result of one "occurrence".

Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** Limit Of Liability shown in the Declarations.

However, our total liability under Coverage **E** for the total of all damages arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi", wet or dry rot, or bacteria will not be more than the Section **II** – Coverage **E** Aggregate Sublimit of Liability for "Fungi", Wet Or Dry Rot, Or Bacteria. That sublimit is the amount shown in the Schedule. This is the most we will pay regardless of the:

1. Number of locations insured under the policy to which this endorsement is attached;
2. Number of persons injured;
3. Number of persons whose property is damaged;
4. Number of "insureds"; or
5. Number of "occurrences" or claims made.

This sublimit is within, but does not increase, the Coverage **E** limit of liability. It applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations.

With respect to damages arising out of "fungi", wet or dry rot, or bacteria described in Condition **A**. Limit Of Liability of this endorsement, Condition **B**. **Severability Of Insurance** is replaced by the following:

B. Severability Of Insurance

This insurance applies separately to each "insured" except with respect to the Aggregate Sublimit of Liability described in this endorsement under Section **II** – Conditions, **A**. Limit Of Liability. This condition will not increase the limit of liability for this coverage.

All other provisions of the policy apply.

POLICY NUMBER:

HOMEOWNERS
HO 04 46 10 00

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INFLATION GUARD

SCHEDULE*

Percentage Amount: 2%

*Entry may be left blank if shown elsewhere in this policy for this coverage.

The limits of liability for Coverages **A**, **B**, **C** and **D** will be increased annually by the percentage amount that is:

1. Shown in the Schedule above; and
2. Applied pro rata during the policy period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR
ACCESS DEVICE, FORGERY AND COUNTERFEIT MONEY
COVERAGE
INCREASED LIMIT**

SCHEDULE*

SECTION I – PROPERTY COVERAGES

ADDITIONAL COVERAGES

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

The limit of liability for this coverage is increased as noted below.

Increase In Limit Of Liability

Total Limit Of Liability

All other provisions of this policy apply.

*Entries may be left blank if shown elsewhere in this policy for this coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE

SCHEDULE

Limited Water Back-up And Sump Discharge Or Overflow Coverage Limit Of Liability:	\$ 50,000
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Section I – Property Coverages

E. Additional Coverages

The following coverage is added:

Limited Water Back-up And Sump Discharge Or Overflow Coverage

We will pay up to the Limit Of Liability shown in the Schedule for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water, or waterborne material, which:

1. Originates from within the dwelling where you reside and backs up through sewers or drains; or
2. Overflows or is discharged from a:
 - a. Sump, sump pump; or
 - b. Related equipment;
 even if such overflow or discharge results from mechanical breakdown or power failure. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown or power failure.

This coverage does not increase the limits of liability for Coverage **A, B, C** or **D** stated in the Declarations.

B. Section I – Perils Insured Against

With respect to the coverage provided under this endorsement, Paragraphs:

- A.2.c.(6)(b)** in Form **HO 00 03**;
- A.2.e.(2)** in Form **HO 00 05**;
- 2.j.(2)** in Endorsement **HO 05 24**;
- 3.j.(2)** in Endorsement **HO 17 31**; and
- 2.c.(6)(b)** in Endorsement **HO 17 32**;

are replaced by the following:

Latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;

C. Section I – Exclusions

With respect to the coverage provided under this endorsement:

1. The **Water** Exclusion is replaced by the following:

Water

This means water which backs up through sewers or drains, or overflows or is discharged from a sump, sump pump or related equipment, as a direct or indirect result of:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- c. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs **C.1.a.** and **C.1.b.** of this exclusion.

This exclusion applies regardless of whether any of the above, in Paragraphs **C.1.a.** through **C.1.c.**, is caused by an act of nature or is otherwise caused.

This exclusion applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in Paragraphs **C.1.a.** through **C.1.c.**, is covered.

2. The **Power Failure** Exclusion does not apply.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS – CALIFORNIA

NOTICE

Throughout this Policy, the term spouse includes an individual registered under California Law as a domestic partner with the "named insured" shown in the Declarations.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

In Forms **HO 00 02**, **HO 00 03**, **HO 00 05** and **HO 00 08**, the following is added:

If a state of emergency under California Law is declared, you may combine the policy limits for Coverage **A** and Coverage **B**, for any of the covered expenses reasonably necessary to rebuild or replace the damaged or destroyed dwelling, if the Coverage **A** policy limits to rebuild or replace the dwelling are insufficient. This provision does not increase the limit of liability that applies to Coverage **B**. Claims payments for other structures in excess of the amount applied towards the necessary cost to rebuild or replace the damaged or destroyed dwelling shall be paid according to the terms of the Policy.

D. Coverage D. – Loss of Use

1. Additional Living Expense

The following paragraph is added:

However, if a state of emergency under California Law is declared, payment will be for a period no less than:

- a.** The time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere; or
- b.** 24 months from the date of loss; whichever is shorter.

If you, acting in good faith and with reasonable diligence, encounter a delay or delays in approval for, or reconstruction of, the home or residence that are beyond your control, we shall provide an additional extension of 12 months. Circumstances beyond your control include, but are not limited to:

- a.** Unavoidable construction permit delays;

- b.** The lack of necessary construction materials; or

- c.** The unavailability of contractors to perform the necessary work.

We shall provide one or more additional extensions of six months for good cause.

(This is Paragraph **B.1.** in Form **HO 00 04** and Paragraph **C.1.** in Form **HO 00 06.**)

Paragraph **3.** is replaced with the following

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, or due to an evacuation mandated by a civil authority that is caused by a covered peril, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

E. Additional Coverages

11. Ordinance Or Law

In Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, the following is added to Paragraph **a.**:

If a total loss has occurred and:

- (1)** The dwelling or other structure is rebuilt at a new premises; or
- (2)** You purchase an existing dwelling or other structure at a new premises;

we will pay the increased costs, subject to the limit in **a.** above, you would have incurred due to the enforcement of any ordinance or law had you repaired, rebuilt or replaced the dwelling or other structure at the original premises.

SECTION I – EXCLUSIONS

2. Earth Movement

The following is added to earth movement

- e.** All volcano activity including Lava flow
- f.** Excavation collapse
- g.** Erosion

All references in the paragraph that reference the range **A.2.a.** through **A.2.d.** is changed to **A.2.a.** through **A.2.g.**

All endorsements to this Policy exclude the perils of earth movement, including earthquake, with the exception of any Earthquake specific endorsements.

8. Intentional Loss

The following paragraph is added:

This exclusion does not apply, with respect to loss to covered property caused by fire, to an "insured" who does not commit or conspire to commit any act that results in loss by fire. We cover such "insured" only to the extent of that "insured's" legal interest, but not exceeding the applicable limit of liability.

We may apply reasonable standards of proof to claims for such loss.

(This is Exclusion **A.8.** in Forms **HO 00 03** and **HO 00 05.**)

SECTION I – CONDITIONS

D. Loss Settlement

Paragraph **2.a.** is replaced by the following:

In Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, Paragraph **2.a.** is replaced by the following:

- a.** If, at the time of loss, the amount of insurance in this Policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
 - (1)** The limit of liability under this Policy that applies to the building;
 - (2)** The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3)** The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred, including any increased costs you would have incurred due to the enforcement of any ordinance or law, if the building had been built at the original premises.

Paragraph **2.e.** is replaced by the following:

In Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, Paragraph **2.e.** is replaced by the following:

- e.** We must be notified that you intend to repair or replace the damaged property within:

- (1)** 36 months after our payment for actual cash value if the loss or damage relates to a state of emergency under California Law; or
- (2)** 12 months after our payment for actual cash value in all other cases;

If you, acting in good faith and with reasonable diligence, encounter a delay or delays in approval for, or reconstruction of, the home or residence that are beyond your control, we shall provide one or more additional extensions of six months for good cause.

Circumstances beyond your control include, but are not limited to:

- (1)** Unavoidable construction permit delays;
- (2)** The lack of necessary construction materials; or
- (3)** The unavailability of contractors to perform the necessary work.

In Form **HO 00 08**, Paragraph **2.a.** is replaced by the following:

- a.** If you repair or replace the loss to restore the building structure for the same occupancy and use at the same site within:
 - (1)** 36 months of the date of the loss if the loss or damage relates to a state of emergency under California Law; or
 - (2)** 12 months of the date of the loss in all other cases;we will pay the lesser of the following amounts:
 - (3)** The limit of liability that applies to the damaged or destroyed building structure; or
 - (4)** The necessary amount actually spent to repair or replace the loss to the building structure but no more than the cost of using common construction materials and methods where functionally equivalent to and less costly than obsolete, antique or custom construction materials and methods.

If you, acting in good faith and with reasonable diligence, encounter a delay or delays in approval for, or reconstruction of, the home or residence that are beyond your control, we shall provide one or more additional extensions of six months for good cause.

Circumstances beyond your control include, but are not limited to:

- (1) Unavoidable construction permit delays;
- (2) The lack of necessary construction materials; or
- (3) The unavailability of contractors to perform the necessary work.

The following is added to Paragraph **D. Loss Settlement**

In the event of a total fire loss, we will pay 25% of the Coverage **C** limit listed on the declarations page without receipt of an inventory, subject to execution of a sworn statement that the content loss of that size was incurred by the insured. This payment is still subject to all applicable deductibles.

Paragraph **F. Appraisal** is replaced by the following:

F. Appraisal

If you and we fail to agree on the amount of loss, then either party may make a written request for an appraisal. However, both parties must agree to the appraisal. In this event, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. Where the request is accepted, the two appraisers will select a competent and impartial 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 where the "residence premises" is located. The appraisers will appraise the loss, stating separately the loss to each item. If they fail to agree, they will submit their differences to the umpire. An award in writing, agreed to by any two, will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

Paragraph **J. Loss Payment** is replaced by the following:

J. Loss Payment

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

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

Paragraph **R. Concealment Or Fraud** is replaced by the following:

R. Concealment Or Fraud

1. With respect to loss caused by fire, we do not provide coverage to the "insured" who has:
 - a. Intentionally concealed or misrepresented any material fact or circumstance;
 - b. Engaged in fraudulent conduct; or
 - c. Made false statements; relating to this insurance.
2. With respect to loss caused by a peril other than fire, we provide coverage to no "insureds" under this Policy, if, whether before or after a loss, an "insured" has:
 - a. Intentionally concealed or misrepresented any material fact or circumstance;
 - b. Engaged in fraudulent conduct; or
 - c. Made false statements; relating to this insurance.

(This is Condition **Q.** in Form **HO 00 04.**)

The following is added to **SECTION I – CONDITIONS:**

- 1) The amount we will pay to settle a loss does not include replacement or the cost to replace undamaged "exterior surfacing" due to any mismatch between existing undamaged "exterior surfacing" on a building and new materials used to repair or replace damaged "exterior surfacing". Materials used to make the repair may be of similar quality, kind, texture and color such that there is a reasonable match with any existing materials. (This is not applicable on a Form **HO 00 04.**)
- 2) The amount we will pay to settle a loss does not include payment for stigma damage or any reduction or diminution in value of such property, whether actual or perceived.

SECTIONS I AND II – CONDITIONS

Paragraph **C. Cancellation** is replaced by the following:

C. Cancellation

1. 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.

HOMEOWNERS – Special Provisions - California

2. If a state of emergency under California Law is declared and the dwelling or other structure is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not cancel this Policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred.

However, we may cancel:

- a. When you have not paid the premium, at any time by letting you know at least 10 days before the date cancellation takes effect.
- b. If willful or grossly negligent acts or omissions by the named insured, or his or her representatives, are discovered that materially increase any of the risks insured against.
- (1) When this Policy has been in effect for less than 60 days and is not a renewal with us, we will notify you at least 20 days before the date cancellation takes effect.
- (2) When this Policy has been in effect for more than 60 days, we will notify you at least 30 days before the date cancellation takes effect.
- c. If there are physical changes in the property insured against, beyond the catastrophe-damaged condition of the structures and surface landscape, which result in the property becoming uninsurable
- (1) When this Policy has been in effect for less than 60 days and is not a renewal with us, we will notify you at least 20 days before the date cancellation takes effect.
- (2) When this Policy has been in effect for more than 60 days, we will notify you at least 30 days before the date cancellation takes effect.
3. In all other cases, we may cancel only for the reasons stated below by letting you know 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. Proof of mailing will be sufficient proof of notice.

- a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- b. When this Policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason, except as provided below, by letting you know at least 20 days before the date cancellation takes effect.

We may not cancel this Policy solely because:

- (1) You accepted an offer of earthquake coverage;
- (2) Corrosive soil conditions exist on the "residence premises". This Provision (2) applies only if this Policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:
- (a) Homeowners 3 – Special Form;
- (b) Homeowners 5 – Comprehensive Form;
- (c) Special Personal Property Coverage Endorsement;
- (d) Unit-owner Coverage A Endorsement; or
- (e) Unit-owners Coverage C Endorsement; or
- (3) You cancelled or did not renew an earthquake policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

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

However, in the event of a total loss to the "residence premises", we will not cancel while any structure at that location is being rebuilt except for the reasons stated in Paragraphs 2.a. and 2.c. of this Condition **C. Cancellation**.

- c. 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 only cancel if there has been:

- (1) Conviction of a crime having as one of its necessary elements an act increasing the hazard insured against; or
- (2) Discovery of fraud or material misrepresentation by:
 - (a) Any "insured" or his or her representative in obtaining this insurance; or
 - (b) You or your representative in pursuing a claim under this Policy; or
- (3) Discovery of grossly negligent acts or omissions substantially increasing any of the hazards insured against; or
- (4) Physical changes in the property insured against which result in the property becoming uninsurable.

However, we may not cancel this Policy solely because:

- (a) Physical changes occur due to a total loss; or
- (b) Corrosive soil conditions exist on the "residence premises" if this Policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:
 - (i) Homeowners 3 – Special Form;
 - (ii) Homeowners 5 – Comprehensive Form;
 - (iii) Special Personal Property Coverage Endorsement;
 - (iv) Unit-owners Coverage **A** Endorsement; or
 - (v) Unit-owners Coverage **C** Endorsement; or
- (5) Acceptance of a new or renewal policy issued by the CEA that included an earthquake policy premium surcharge, but you failed to pay the earthquake policy premium surcharge authorized by the CEA.

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

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

4. When this Policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata if canceled by us, or after the first year this Policy has been in effect. Prior to that, we will cancel the Policy "Short Rate" based on a table filed with the California Department of Insurance. Furthermore, the return premium may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this Policy.
5. If, when we cancel this Policy, the return premium is not refunded with the notice of cancellation, we will refund it within 25 business days after we send the cancellation notice to you. If, when you cancel this Policy, the return premium is not refunded when this Policy is returned to us, we will refund it within 25 business days of the date when we receive your notice of cancellation.

Paragraph D. Nonrenewal is replaced by the following:

D. Nonrenewal

1. We may elect not to renew this Policy, subject to the provisions of 2. below. We may do so by delivering to you, at your mailing address shown in the Declarations, written notice at least 45 days before the expiration date of this Policy. Proof of mailing will be sufficient proof of notice.
2. We will not refuse to renew this Policy:
 - a. Solely because you accepted an offer of earthquake coverage.

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

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

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

 - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
 - (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.
- b. Solely because you cancelled or did not renew an earthquake policy, issued by the CEA, that included an earthquake policy premium surcharge;
- c. Solely because corrosive soil conditions exist on the "residence premises". This Provision c. applies only if this Policy includes one or more of the following, which exclude loss caused by corrosive soil conditions:

 - (1) Homeowners 3 – Special Form;
 - (2) Homeowners 5 – Comprehensive Form;
 - (3) Special Personal Property Coverage Endorsement;
 - (4) Unit-owners Coverage A Endorsement; or
 - (5) Unit-owners Coverage C Endorsement; or
- d. Solely on the grounds that a claim is pending under the Policy unless such claim is made under coverage for loss caused by an earthquake.
- 3. 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.
- 4. If a state of emergency under California Law is declared and the dwelling or other structure is located in any ZIP Code within or adjacent to the fire perimeter, as determined by California Law, we may not nonrenew this Policy for one year, beginning from the date the state of emergency is declared, solely because the dwelling or other structure is located in an area in which a wildfire has occurred.

However, we may nonrenew:

 - a. If willful or grossly negligent acts or omissions by the named insured, or his or her representatives, are discovered that materially increase any of the risks insured against;
 - b. If losses unrelated to the post-disaster loss condition of the property have occurred that would collectively render the risk ineligible for renewal; or
 - c. If there are physical changes in the property insured against, beyond the catastrophe- damaged condition of the structures and surface landscape, which result in the property becoming uninsurable.

All other provisions of this Policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPLACEMENT COST LOSS SETTLEMENT FOR CERTAIN NON-BUILDING STRUCTURES ON THE RESIDENCE PREMISES – CALIFORNIA

SECTION I – CONDITIONS

With respect to structures that are covered by this endorsement, **Section I – Condition D. Loss Settlement** is replaced by the following:

D. Loss Settlement

1. Covered losses to the following structures located on the "residence premises" are subject to the replacement cost loss settlement conditions described in **2.** below:
 - a. Reinforced masonry walls;
 - b. Metal or fiberglass fences;
 - c. Fences made of plastic/resin materials such as polyvinylchloride;
 - d. Patios, walks (not made of wood or wood products);
 - e. Driveways; and
 - f. Inground or semi-inground:
 - (1) Swimming pools;
 - (2) Therapeutic baths; or
 - (3) Hot tubs;
with walls and floors made of reinforced masonry, cement, metal or fiberglass. However, this does not include their accessories or equipment.
2. The terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11.** Ordinance Or Law under Section I – Property Coverages.

- a. We will pay the cost to repair or replace a structure described in **1.** above without deduction for depreciation. However, we will not pay more than the least of the following amounts:
 - (1) The limit of liability under the policy that applies to Coverage **B**, or if the structure is specifically insured under this policy, the amount for which that structure is insured;
 - (2) The replacement cost of that part of the structure damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged structure.
- b. When the repair or replacement cost for the entire loss under this endorsement is more than \$2,500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
- c. We must be notified within:
 - (1) 24 months after our payment for actual cash value if the loss or damage relates to a state of emergency under California Law; or
 - (2) 12 months after our payment for actual cash value in all other cases;that you intend to repair or replace the damaged property.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WORKERS COMPENSATION RESIDENCE EMPLOYEES – CALIFORNIA

A. Agreement

We agree, with respect to "residence employees":

UNDER COVERAGE I

To pay when due all benefits required of an "insured" by the California Workers' Compensation Law; and

UNDER COVERAGE II

To pay on behalf of an "insured" all damages for which the "insured" is legally liable because of "bodily injury" sustained by a "residence employee". The "bodily injury" must be caused by accident or disease and arise out of and in the course of employment by the "insured" while:

1. In the United States of America, its territories or possessions, or Canada, or
2. Temporarily elsewhere if the "residence employee" is a citizen or resident of the United States or Canada.

Coverage II does not apply to any suit brought in or judgment rendered by any court outside the United States of America, its territories and possessions, or Canada, or to any action on such judgment.

B. Who Is Covered

A "residence employee" is covered if during the 90 calendar days immediately before the date of injury the employee has:

- a. Actually been engaged in such employment by the "insured" for no less than 52 hours, and
- b. Earned no less than one hundred dollars (\$100) in wages.

C. Application Of Coverage

This insurance applies only to "bodily injury" which occurs during the policy period. If the "bodily injury" is a disease, it must be caused or aggravated by the conditions of the "residence employee's" employment by the "insured".

D. Policy Provisions

This insurance is subject to all the provisions of this endorsement and the following provisions of this policy:

1. Under Sections I and II – Conditions:

- B. Waiver Or Change Of Policy Provisions
- C. Cancellation
- E. Assignment
- F. Subrogation

2. Under Section II – Conditions:

- C. Duties After "Occurrence"
- F. Suit Against Us

3. Under Section II – Liability Coverages, our agreement to defend an "insured" as provided under A. Coverage E – Personal Liability.

4. Under Section II – Additional Coverages:

- A. Claim Expenses.
- B. First Aid Expenses.

5. The definitions of "bodily injury", "business", "insured" and "residence employee".

E. Additional Provisions Applicable To Coverage I

The following provisions are applicable to Coverage I:

1. We shall be directly and primarily liable to any "residence employee" of an "insured" entitled to the benefits of the California Workers' Compensation Law.
2. As between the "residence employee" and us, notice to or knowledge of the "occurrence" of the injury on the part of an "insured" will be deemed notice or knowledge on our part.
3. The jurisdiction of an "insured" will, for the purpose of the law imposing liability for compensation, be our jurisdiction.

4. We will be subject to the orders, findings, decisions or awards rendered against an "insured", under the provisions of the law imposing liability for compensation, subject to the provisions, conditions and limitations of this policy. This policy shall govern as between an "insured" and us as to payments by either in discharge or an "insured's" liability for compensation.
5. The "residence employee" has a first lien upon any amount which we owe you on account of this insurance. In case of your legal incapacity or inability to receive the money and pay it to the "residence employee", we will pay it directly to the "residence employee". Your obligation to the "residence employee" will be discharged to the extent of such payment.

F. Limits Of Liability Coverage II

Our total limit of liability will not exceed \$100,000 for all damages because of "bodily injury":

1. Sustained by one or more "residence employees" in any one accident; or
2. Caused by disease and sustained by a "residence employee".

Our total limit of liability will not exceed \$500,000 for all damages arising out of "bodily injury" by disease regardless of the number of "residence employees" who sustain "bodily injury" by disease.

G. Other Insurance

This insurance does not apply to any loss to which other valid and collectible Workers' Compensation or Employers' Liability Insurance applies.

H. Conformity To Statute

Terms of this insurance which are in conflict with the California Workers' Compensation Law are amended to conform to that law.

I. Exclusions

This policy does not apply:

1. To liability for additional compensation imposed on an "insured" under Sections 4553 and 4557, Division IV, Labor Code of the State of California, because of the serious and willful misconduct of an "insured", or because of "bodily injury" to an employee under 16 years of age and illegally employed at the time of injury;
2. To liability for "bodily injury" arising out of "business" pursuits of an "insured".
3. Under Coverage II:
 - a. To liability assumed by the "insured" under any contract or agreement.
 - b. To "bodily injury" by disease unless a written claim is made or suit brought against the "insured" within 36 months after the end of the policy period.
 - c. To any obligation under a workers' compensation, unemployment or disability benefits law or any similar law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AIRCRAFT LIABILITY DEFINITION REVISED TO REMOVE EXCEPTION FOR MODEL OR HOBBY AIRCRAFT

DEFINITIONS

Definition **B.1.** is replaced by the following:

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

- (1)** Ownership of such vehicle or craft by an "insured";
- (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
- (3)** Entrustment of such vehicle or craft by an "insured" to any person;
- (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

(1) Aircraft means any contrivance used or designed for flight including but not limited to unmanned aircraft, whether or not model or hobby;

(2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

(3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

(4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

All other provisions of this Policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE DEVICES

A. DEFINITIONS

1. The following definition is added:

“Protective Devices” are devices listed on your declaration pages that include fire alarms, burglar alarms, sprinkler systems and water sensors.
2. It is a condition of coverage under **SECTION I - PROPERTY COVERAGES** of your policy that you:
 - a. Maintain all Protective Devices in complete working order and,
 - b. If the Protective Devices listed in your declarations include a Central Station Reporting Fire Alarm or a Central Station Reporting Burglar Alarm, that you maintain the connection between the device and a central station. And,
 - c. Notify us if you know of any suspension of, removal of, change in, or impairment in any Protective Device listed in the declarations.

B. The following is added to **SECTION I – EXCLUSIONS**:

If the Protective Devices listed in the Declarations include a Central Station Reporting Fire Alarm or an automatic sprinkler system, we will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you failed to comply with any condition set forth in Paragraph **A. DEFINITIONS** of this endorsement.

If Protective Devices listed in the declarations include a Central Station Reporting Burglar Alarm or local burglar alarm We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you failed to comply with any condition set forth in Paragraph **A.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE LINE COVERAGE

It is agreed the following additional coverage is added to Section I of the Homeowners 2 – Broad Form, Homeowners 3 – Special Form or Homeowners 5 – Comprehensive Form, whichever is applicable:

We will provide the insurance described in this endorsement in compliance with all applicable provisions (including but not limited to Conditions, Definitions and Exclusions) of your Homeowners policy. The most we will pay for loss, damage or expense under this endorsement arising from any “one service line failure” is \$10,000. Coverage provided under this endorsement does not increase any limit of liability under Section I.

DEFINITIONS

The following definitions are added:

1. “Covered service line”

- a.** “Covered service line” means exterior underground piping and wiring, including permanent connections, valves or attached devices providing one of the following services to your “residence premises”:

- (1)** Communications, including cable transmission, data transmission, internet access and telecommunications;
- (2)** Compressed air;
- (3)** Drainage;
- (4)** Electrical power;
- (5)** Heating, including geothermal, natural gas, propane and steam;
- (6)** Waste disposal; or

(7) Water.

- b.** A “covered service line” must be owned by you or you must be responsible for its repair or replacement as required by law, regulation or service agreement.

Should repair or replacement be your responsibility, a “covered service line” ends at the precise location where your responsibility for such repair or replacement ends. However, in no event will a “covered service line” extend beyond the point of connection to the main service or utility line.

- c.** “Covered service line” does not include:

- (1)** That part of piping or wiring that runs through or under a body of water, including but not limited to a swimming pool, pond or lake;
- (2)** That part of piping or wiring that runs through or under the dwelling or other structure; or
- (3)** Piping or wiring that is not connected and ready for use.

2. “Earth movement” means:

- a.** Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b.** Landslide, mudslide or mudflow;
- c.** Subsidence or sinkhole collapse;
- d.** Tsunami or volcanic action; or
- e.** Any other naturally occurring earth movement including earth sinking, rising or shifting.

3. "One service line failure" means: If an initial "service line failure" causes other "service line failures," all will be considered "one service line failure." All "service line failures" that are the result of the same event will be considered "one service line failure."

4. "Service line failure" means a leak, break, tear, rupture, collapse or arcing of a "covered service line" not otherwise excluded by this endorsement. A "service line failure" may be caused by, but is not limited to, the following perils:

- a. Wear and tear, marring, deterioration or hidden decay;
- b. Rust or other corrosion;
- c. Mechanical breakdown, latent defect or inherent vice;
- d. Weight of vehicles, equipment, animals or people;
- e. Vermin, insects, rodents or other animals;
- f. Artificially generated electrical current;
- g. Freezing or frost heave;
- h. External force from a shovel, backhoe or other form of excavation; or
- i. Tree or other root invasion.

"Service line failure" does not include blockage or low pressure of a "covered service line" when there is no physical damage to the "covered service line."

SECTION I – PROPERTY COVERAGES

The following coverages are added, subject to the limit provided under the Agreement section of this endorsement:

1. Damages to "Covered Service Line"

We will pay for physical loss or damage to your "covered service line" that is the direct result of a "service line failure."

2. Excavation Costs

With respect to your "covered service line" that is damaged as the result of a "service line failure," we will pay the necessary and reasonable excavation costs that are required to repair or replace the damaged "covered service line."

3. Expediting Expenses

With respect to your "covered service line" that is damaged as the result of a "service line failure," we will pay the reasonable extra cost to:

- a. Make temporary repairs; and
- b. Expedite permanent repairs or permanent replacement.

4. Loss of Use

Coverage for Additional Living Expense and Fair Rental Value, as described under **Coverage D – Loss of Use**, is extended to the coverage provided by this endorsement.

5. Outdoor Property

We will pay for your outdoor property, including but not limited to trees, shrubs, plants, lawns, walkways and driveways, that is damaged as a result of a "service line failure" or that is damaged during the excavation of your "covered service line" following a "service line failure."

SECTION I - EXCLUSIONS

The following exclusions are added:

- 1. We will not pay for loss or damage to:
 - a. Septic systems, including leach fields, septic tanks, pumps, motors or piping that runs from the septic tank to the

leach fields, other than loss or damage to covered waste disposal piping running from your dwelling or other structure to a septic tank;

- b. Water wells, including well pumps or motors;
 - c. Heating and cooling systems, including heat pumps; or
 - d. Sprinkler system pumps, motors or heads.
2. We will not pay for loss or damage to a “covered service line” that is damaged while it is being installed, dismantled or repaired. However, this exclusion shall not apply if a covered “service line failure” necessitated such installation, dismantling or repair.
3. We will not pay to clean up or remove pollutants, hazardous waste or sewage.
4. We will not pay under this endorsement for loss or damage caused by or resulting from any of the following causes of loss:
- a. Fire; or water or other means used to extinguish a fire;
 - b. Explosion;
 - c. Lightning; windstorm or hail; smoke; aircraft; riot or civil commotion; theft; breakage of glass;
 - d. Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; or water that backs up or overflows from a sewer, drain or sump; or
 - e. “Earth movement,” except for “earth movement” that results from the ground thawing after a freeze.
5. We will not pay additional costs incurred for loss or increased usage of water, natural gas, propane or any other service caused by or resulting from a “service line failure.”

DEDUCTIBLE

We will pay only that part of the loss that exceeds \$500. No other deductible applies to this coverage.

SECTION I - CONDITIONS

The following conditions are added:

1. Environmental, Safety and Efficiency Improvements

If a “covered service line” requires replacement due to a “service line failure,” we will pay your additional cost to replace with materials that are better for the environment, safer for people or more energy or water efficient than the materials being replaced.

However, we will not pay to increase the size or capacity of the materials and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not increase the limit that applies to this endorsement.

2. Loss Settlement

Losses under this endorsement will be settled as follows:

- a. Our payment for damaged covered property will be the smallest of:
 - (1) The limit of liability that applies to this endorsement;
 - (2) The cost to repair the damaged property;
 - (3) The cost to replace the damaged property on the same premises; or
 - (4) The necessary amount actually spent to repair or replace the damaged property.

- b.** Except as described in Environmental, Safety and Efficiency Improvements above, you are responsible for the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- c.** You are responsible for the extra cost to alter or relocate “covered service lines,” unless such alteration or relocation is required by law or ordinance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOME SYSTEMS PROTECTION

It is agreed the following additional coverage is added to **SECTION I** of your Homeowners 2 – Broad Form, Homeowners 3 – Special Form or Homeowners 5 – Comprehensive Form, whichever is applicable:

We will provide the insurance described in this endorsement in compliance with all applicable provisions (including but not limited to Conditions, Definitions and Exclusions) of your Homeowners policy. The most we will pay for loss, damage or expense under this endorsement arising from any “one home system breakdown” is \$50,000. Coverage provided under this endorsement does not increase any limit of liability under **SECTION I**.

DEFINITIONS

The following definitions are added:

1. “Covered home equipment”

a. “Covered home equipment” means property covered under **Coverage A – Dwelling, Coverage B – Other Structures or Coverage C – Personal Property**:

- (1) That generates, transmits or utilizes energy; or
- (2) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

“Covered home equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

b. None of the following is “covered home equipment”:

- (1) Supporting structure, cabinet or compartment;

(2) Insulating material associated with “covered home equipment”;

(3) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping connected to a heating or air conditioning system;

(4) Wastewater piping or piping forming a part of a fire protective sprinkler or irrigation system;

(5) Buried or encased piping or buried vessels, however, interior buried or encased piping connected to a heating or air conditioning system is “covered home equipment”;

(6) Software or electronic data;

(7) Drones or any equipment mounted on a drone; or

(8) Riding lawn mowers or tractors.

2. “Electronic circuitry” means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

3. “Electronic circuitry impairment” means an accidental event involving “electronic circuitry” within “covered home equipment” that causes “covered home equipment” to suddenly lose its ability to function as it had been functioning immediately before such event. An “electronic circuitry impairment” must also meet each of the following conditions:

a. We shall determine that the reasonable and appropriate remedy to restore such “covered home equipment’s” ability to function is the replacement of one or more “electronic circuitry” components of the “covered home equipment.”

HOMEOWNERS – Home Systems Protection

- b. The “covered home equipment” must be owned or used by you, or members of your family who reside with you.
 - c. None of the following is an “electronic circuitry impairment”:
 - (1) Any condition that can be reasonably remedied by:
 - (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - (b) Rebooting, reloading or updating software or firmware; or
 - (c) Providing necessary power or supply.
 - (2) Any condition caused by or relating to:
 - (a) Incompatibility of the “covered home equipment” with any software or equipment installed, introduced or networked within the prior 30 days; or
 - (b) Insufficient size, capability or capacity of the “covered home equipment.”
 - (3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.
4. “Equipment breakdown”
- a. “Equipment breakdown” means a sudden and accidental:
 - (1) Mechanical breakdown;
 - (2) Electrical breakdown; or
 - (3) Bursting, cracking or splitting of “covered home equipment” that results in direct physical damage and requires repair or replacement of all or part of the damaged “covered home equipment.”
 - b. None of the following is an “equipment breakdown”:
 - (1) Rust, corrosion, erosion, deterioration or gradual loss of efficiency or functionality of “covered home equipment”;
 - (2) Leakage or seepage at or from any connection, valve, fitting, shaft or seal;
 - (3) Any programming error, programming limitation, computer virus, malicious code, loss of data, loss of access, loss of use, loss of functionality or other condition within or involving data or media of any kind;
 - (4) Complete or partial interruption of electrical power, fuel or water supply, whether deliberate or accidental;
 - (5) Any condition which can be corrected by resetting, recalibrating or by the performance of maintenance; or
 - (6) Cosmetic or other damage that does not impair functionality.
5. “Home system breakdown” means an “equipment breakdown” or “electronic circuitry impairment.”
6. “One home system breakdown” means: If an initial “home system breakdown” causes other “home system breakdowns,” all will be considered “one home system breakdown.” All “home system breakdowns” that are the result of the same event will be considered “one home system breakdown.”

SECTION I – PROPERTY COVERAGE

HOMEOWNERS – Home Systems Protection

The following coverages are added, subject to the limit provided under the Agreement section of this endorsement unless otherwise specified below:

1. Damage to “Covered Home Equipment”

We will pay for direct physical damage to “covered home equipment” that is the result of a “home system breakdown” that occurs on or off the “residence premises.” We will consider “electronic circuitry impairment” to be physical damage to “covered home equipment.”

2. Spoilage

With respect to your refrigerated property, we will pay:

- a. For physical damage due to spoilage that is the result of a “home system breakdown”;
- b. Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

We will pay up to \$500 under this Spoilage coverage for any “one home system breakdown.”

3. Loss of Use

Coverage for Additional Living Expense and Fair Rental Value, as defined under **Coverage D – Loss of Use**, is extended to the coverage provided by this endorsement.

4. Expediting Expenses

With respect to your “covered home equipment” that is damaged as the result of a “home system breakdown,” we will pay the reasonable extra cost to:

- a. Make temporary repairs; and

- b. Expedite permanent repairs or permanent replacement.

SECTION I - EXCLUSIONS

Any exclusions in your policy for mechanical breakdown and electrical breakdown do not apply to this endorsement.

The following exclusions are added.

1. We will not pay for loss, damage or expense caused by or resulting from:
 - a. Electrical power surge or brown out, whether or not caused by lightning. However, with respect to Coverage C, when Sudden and Accidental Damage from Artificially Generated Electrical Current is a Peril Insured Against in your policy, we will pay for loss, damage or expense to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus, caused by or resulting from artificially generated electrical current.
 - b. Any of the following, whether the excluded peril occurs on or off the “residence premises”:
 - (1) Fire (including fire resulting from a “home system breakdown”); or water or other means used to extinguish a fire;
 - (2) Explosion;
 - (3) Lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse;
 - (4) Vandalism, malicious mischief or theft;
 - (5) Flood, surface water, waves, tides, tidal waves, overflow of any body of

water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump, and any other water damage including water damage resulting from a “home system breakdown”; or

(6) Any earth movement including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action.

c. Liquids of any type.

2. We will not pay for any property that is not “covered home equipment” except for refrigerated property to the extent it is covered under Spoilage.

DEDUCTIBLE

We will pay only that part of the loss that exceeds \$500. No other deductible applies to this coverage.

SECTION I - CONDITIONS

The following conditions are added:

1. Environmental, Safety and Efficiency Improvements

If “covered home equipment” requires replacement due to a “home system breakdown,” we will pay your additional cost to replace with equipment that is better for the environment, safer for people, or more energy or water efficient than the equipment being replaced.

However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not apply to the replacement of component parts or to any property to which actual cash value applies and does not increase any of the applicable limits.

2. Loss Settlement

Losses under this endorsement will be settled as follows:

a. Our payment for damaged covered property will be the smallest of:

- (1) The applicable limit of liability;
- (2) The cost to repair the damaged property;
- (3) The cost to replace the damaged property with like kind, quality and capacity on the same “residence premises”; or
- (4) The necessary amount actually spent to repair or replace the damaged property.

b. Except as described in Environmental, Safety and Efficiency Improvements above, you are responsible for the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

c. If you do not repair or replace the damaged property within 24 months after the date of the “home system breakdown,” then we will pay only the smaller of:

- (1) The cost it would have taken to repair or replace at the time of the “home system breakdown”; or
- (2) The actual cash value at the time of the “home system breakdown.”

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DWELLING RENTAL COVERAGE ENDORSEMENT

SCHEDULE

Dwelling Rental Activities Damage to Property of Others	
Limit Of Liability: \$	Per Occurrence
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

DEFINITIONS

A. The following definitions are added:

1. "Dwelling rental activities" means:

- a. The rental or holding for rental of the "residence premises", in whole or in part, by an "insured" or
- b. Any other related property or services made available by an "insured" for use during such "dwelling rental activities", except property or services provided by another party.

2. "Home-sharing network platform" means an online-enabled application, web site or digital network that:

- a. Is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and
- b. Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network.

3. "Home-sharing occupant" means a person, other than an "insured", who:

- a. Occupies the "residence premises" in whole or in part, pursuant to an agreement with an "insured" for "dwelling rental activities," from a "home-sharing network platform", but only for the period of time of the occupation, or;
- b. Is accompanying or staying with a person described in Paragraph 3.a. under such "dwelling rental activities".

4. "Tenant" means:

An individual, other than an "insured" or a "home-sharing occupant", along with their spouse and any family member of the individual under the age of 21 who is related to the individual that occupies the "residence premises", in whole or in part, pursuant to an agreement with an "insured".

B. Definition B.3. "Business" is replaced by the following:

3. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;
- b. "Dwelling rental activities"; or
- c. Any other activity engaged in for money or other compensation, except the following:
 - (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - (4) The rendering of home day care services to a relative of an "insured".

HOMEOWNERS – Dwelling Rental Coverage Endorsement

C. Definition B.11. "Residence premises" is replaced by the following:

11. "Residence premises" means:

The one-, two-, three- or four-family dwelling or that part of any other building owned by you that is occupied by you or is rented or held for rental for residential purposes to others and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds owned by you at that location.

D. In this Policy, the terms:

1. Roomer;
2. Boarder;
3. Tenant; or
4. Guest

do not include a "home-sharing occupant".

SECTION I – PROPERTY COVERAGES

B. Coverage B – Other Structures

Paragraphs **B.2.b.** is hereby deleted.

Paragraph B.2.c. is replaced by the following:

2. We do not cover:

- c.** Other structures from which any "business", other than "dwelling rental activities" or "home sharing host activities", is conducted; or

C. Coverage C – Personal Property

Paragraph **f.** of **4. Property Not Covered** is replaced by the following:

We do not cover:

f. Property of:

- (1)** A "home-sharing occupant";
- (2)** Any other person occupying the "residence premises" as a result of any "dwelling rental activities"; and
- (3)** Roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

D. Coverage D – Loss of Use

Paragraph **D.2. Fair Rental Value** is replaced by the following:

2. Lost Rental Value Of "Dwelling Rental Activities"

If an "insured" has entered into a contract or agreement with another person for "dwelling rental activities" for a specified period of time, and either:

a. A loss covered under Section **I** makes that part of the "residence premises" used for such "dwelling rental activities" not fit to live in during the period of time specified in such contract or agreement; or

b. The "insured" or such other person cancels such contract or agreement, provided such cancellation takes place:

(1) During the period of time a National Weather Service hurricane watch or hurricane warning is in effect for any part of the state in which the:

(a) "Residence premises" is located; or

(b) Person entering into such contract or agreement with the "insured" resides; or

(2) Within 24 hours of the termination of such hurricane watch or hurricane warning described in Paragraph **b.(1)** of this provision;

we cover the lost rental value of the "dwelling rental activities" specified under such contract or agreement, less any expenses that do not continue while it is not fit to live in, provided such contract was entered into prior to the date of the loss.

Payment will be for the shortest period of time agreed upon for "dwelling rental activities" under such contract or agreement.

E. Additional Coverages

Paragraph **E.10. Landlord's Furnishings** is replaced by the following:

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" primarily rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against, other than Theft.

This coverage includes, but is not limited to, loss to appliances, carpeting and other household furnishings which results from "dwelling rental activities".

This limit is the most we will pay in any one loss, regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

SECTION I – PERILS INSURED AGAINST

Paragraph **A.2.c.(1)** under **Coverage A – Dwelling And Coverage B – Other Structures** is replaced by the following:

2. We do not insure, however for loss:

c. Caused by:

- (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing.

This provision does not apply if the “residence premises” has not been vacant for 60 consecutive days or more prior to the date of loss and you have used reasonable care to:

- (a) Maintain heat in the building; or
- (b) Shut off the water supply and drain all systems and appliances of water, unless the building is protected by an automatic fire protective sprinkler system, in which case you must use reasonable care to continue the water supply to that system.

For purposes of this provision, vacant means not occupied by the insured or tenant or a “home sharing occupant”, even if held for rental

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

Paragraph **A.2.c.(4)** under **Coverage A – Dwelling and Coverage B – Other Structures** is replaced by the following:

2. We do not insure, however, for loss:

c. Caused by:

- (4) Theft, vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief or theft, if the dwelling where the theft, vandalism or malicious mischief occurred has been vacant for more than 60 consecutive days immediately before the loss. For purposes of this provision, vacant means not occupied by the insured, or “tenant” or a “home sharing occupant”, even if held for rental;

Paragraph **B. Coverage C – Personal Property**, Subparagraph **9. Theft** is replaced by the following:

9. Theft

- a. Subject to **SECTION I A.2.c.(4)** this peril includes attempted theft and loss of property from the “residence premises” when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
 - (1) Committed by any “insured”; or
 - (2) Committed by a “home-sharing occupant” or roomer, boarder, tenant or guest; or
 - (3) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied.
 - (4) That occurs off the “residence premises”.

We will not pay, under this Subparagraph **9. Theft** for loss by theft from property rented or held for rental of any of the following:

- (i) Money, bank notes, bullion, gold, goldware, gold-plated ware, silver, silverware, silver-plated ware, pewterware, platinum, platinumware, platinum-plated ware, coins, medals, scrip, stored value cards and smart cards;
- (ii) Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps regardless of the medium (such as paper or computer software) on which the material exists; or
- (iii) Jewelry, watches, furs, antiquities, collectible items, precious and semiprecious stones; or
- (iv) Portable electronics including but not limited to cameras, audio equipment, video equipment and televisions; or
- (v) Firearms and any related equipment and accessories.
- (vi) Trailers, semi-trailers and campers
- (vii) Watercraft of all types and their furnishings, equipment and outboard engines or motors.

SECTION I – CONDITIONS

With respect to the coverage provided by this endorsement, Paragraph **G. Other Insurance And Service Agreement** is replaced by the following:

G. Other Insurance And Service Agreement

- 1. If a loss covered by this Policy is also covered by:

HOMEOWNERS – Dwelling Rental Coverage Endorsement

- a. Other insurance, except insurance provided by a "home-sharing network platform", we will pay only the proportion of the loss that the limit of liability that applies under this Policy bears to the total amount of insurance covering the loss; or
 - b. A service agreement, protection plan or guarantee, except a service agreement, protection plan or guarantee provided by a "home-sharing network platform", this insurance is excess over any amounts payable under any such agreement.
2. Subject to Paragraph **G.1.**, if, at the time of loss, there is:
- a. Other insurance;
 - b. A service agreement;
 - c. A protection plan; or
 - d. A guarantee;
- provided by, on behalf of, or through a "home-sharing network platform" covering the same property covered by this Policy, this insurance is primary with respect to the amount due under such other insurance, service agreement, protection plan or guarantee.
3. As used in this Paragraph **G.:**
- a. A service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.
 - b. A protection plan or guarantee means a product provided by a "home-sharing network platform" which provides property damage protection for "dwelling rental activities", even if it is characterized as insurance.

SECTION II – LIABILITY COVERAGES

Paragraph **A. Coverage E – Personal Liability** is replaced by the following:

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages due to "bodily injury" or "property damage" caused by an occurrence to which this coverage applies and such property damage or bodily injury occurs at the "residence premises" and arises out of the ownership, maintenance, or use of the "residence premises" for the purposes of "dwelling rental activities" we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable;

2. Provide a defense at our expense, by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

This coverage does not apply to bodily injury or property damage occurring somewhere other than the "residence premises" or which does not arise out of the ownership, maintenance or use of the "residence premises" for the purposes of dwelling rental activities.

Paragraph **B. Coverage F – Medical Payments to Others** is replaced with the following:

B. Coverage F – Medical Payments to Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of the accident causing "bodily injury" caused by an "occurrence" to which this coverage applies, provided that such "occurrence" occurs at the "residence premises" and arises out of the ownership, maintenance, or use of the "residence premises" for the purposes of "dwelling rental activities".

Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing and prosthetic devices. Medical expenses do not include expenses for funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person, "tenant" or "home-sharing occupant" at the "residence premises" with the permission of an "insured"; or
2. To a person off the "residence premises", if the "bodily injury" arises out of a condition at the "residence premises" or the ways immediately adjoining.

SECTION II – EXCLUSIONS

Exclusion **E.2.** is replaced by the following:

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

HOMEOWNERS – Dwelling Rental Coverage Endorsement

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to "dwelling rental activities"

Paragraph **E. Coverage E - Personal Liability And Coverage F - Medical Payments to Others**, is amended to include the following provision:

Coverages **E** and **F** do not apply to:

9. Violation of Ordinance or Law

"Bodily injury" or "property damage" arising out of a violation of any law or ordinance by an insured, including, but not limited to, any law or ordinance relating to dwelling rental activities or home sharing, violations of applicable building codes, and other violations.

Paragraph **F. Coverage E – Personal Liability**, is amended to include the following provision:

Coverage E does not apply to:

- 7. Liability for any violation of law or ordinance by an insured or home sharing occupant.

SECTION II – ADDITIONAL COVERAGES

With respect to the coverage provided by this endorsement, Paragraph **C. Damage to Property of Others** is replaced by the following:

C. Dwelling Rental Activities Damage to Property of Others

1. We will pay, at replacement cost, up to:
 - a. \$1,000; or
 - b. The Dwelling Rental Activities Damage to Property of Others Limit of Liability shown in the Schedule;whichever is greater, per "occurrence", for "property damage" to property of others:
 - a. Caused by an "insured"; and
 - b. Arising out of "dwelling rental activities".
2. We will not pay for "property damage":
 - a. To the extent of any amount recoverable under **SECTION I**;
 - b. Caused intentionally by an "insured" who is 13 years of age or older
 - c. To property owned by an "insured";

- d. To property owned by or rented to a "home-sharing occupant" or tenant of an "insured" or a resident in your household; or
- e. Arising out of:
 - (1) A "business", other than "dwelling rental activities", engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

SECTION II – CONDITIONS

With respect to the coverage provided by this endorsement, Paragraph **H. Other Insurance** is replaced by the following:

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy. This insurance is also excess over other insurance, protection plans or guarantees provided by, on behalf of or through a "home sharing network platform". A protection plan or guarantee means a product provided by, on behalf of, or through a "home-sharing network platform" which provides liability protection for "home-sharing host activities".

SECTIONS I AND II – CONDITIONS

The following provision is added:

Dwelling Rental Activities Verification Requirements

With respect to "dwelling rental activities", we must be provided, as often as we reasonably require, with information we reasonably require to verify the number of:

1. Rental agreements, leases or contracts entered into by an "insured"; and
2. Nights the "residence premises" was occupied, in whole or in part, by "home-sharing occupants".

All other provisions of this Policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS ENTITY - COVERAGE ENDORSEMENT

The following provisions apply if a limited liability company, joint venture, partnership, or corporation is shown in the Declarations as the "Named Insured".

DEFINITIONS

Paragraph **A.** is replaced by the following:

A. In this policy, "you" and "your" refer to the "named insured" or any natural person designated as a member or manager of the limited liability company (LLC), a partner of a joint venture or partnership, or an officer or director of an organization other than a limited liability company, joint venture or partnership, but only while such person is residing within the "residence premises", and the spouse of such person if a resident in the same household. "We", "us" and "our" refer to the Company providing this insurance.

SECTION II – LIABILITY COVERAGES

If the Dwelling Rental Activities Coverage Endorsement is not attached to this policy:

Paragraph **A. Coverage E – Personal Liability** is replaced by the following:

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies and such property damage or bodily injury occurs at the "residence premises" and arises out of the ownership, maintenance, or use of the "residence premises" we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable.

2. Provide a defense at our expense, by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

Paragraph **B. Coverage F – Medical Payments to Others** is replaced with the following:

B. Coverage F – Medical Payments to Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of "bodily injury" caused by an "occurrence" to which this coverage applies, provided that such "occurrence" occurs at the "residence premises" and arises out of the ownership, maintenance, or use of the "residence premises". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing and prosthetic devices. Medical expenses do not include expenses for funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only

1. To a person at the "residence premises" with the permission of an "insured"; or
2. To a person off the "residence premises", if the "bodily injury" arises out of a condition at the "residence premises" or the ways immediately adjoining.

DWELLING RENTAL ACTIVITIES COVERAGE

HOMEOWNERS – Business Entity – Coverage Endorsement

If the Dwelling Rental Activities Coverage Endorsement is attached to this Policy, **SECTION II – LIABILITY Coverages**, Paragraph **A. Coverage E – Personal Liability**

and Paragraph **B. Coverage F – Medical Payments to Others**, of that Endorsement shall govern.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BROADENED HOME-SHARING HOST ACTIVITIES COVERAGE ENDORSEMENT

SCHEDULE

Home-sharing Host Activities Damage To Property Of Others	
Limit Of Liability: \$	Per Occurrence
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

DEFINITIONS

A. The following definitions are added:

1. "Home-sharing host activities" means:

a. The:

(1) Rental or holding for rental; or

(2) Mutual exchange of services;

of the "residence premises", in whole or in part, by an "insured" to a "home-sharing occupant" through the use of a "home-sharing network platform"; and

b. Any other related property or services made available by an "insured" for use during such:

(1) Rental; or

(2) Mutual exchange of services;

except those property or services provided by another party.

2. "Home-sharing network platform" means an online-enabled application, web site or digital network that:

a. Is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and

b. Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network.

3. "Home-sharing occupant" means a person, other than an "insured", who:

a. Has entered into an agreement or arranged compensation with an "insured" through the use of a "home-sharing network platform" for "home-sharing host activities"; or

b. Is accompanying or staying with a person described in Paragraph 3.a. of this provision under such "home-sharing host activities".

B. Definition B.3. "Business" is replaced by the following:

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;

b. "Home-sharing host activities"; or

c. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

C. In this Policy, the terms:

1. Roomer;

2. Boarder;

3. Tenant; or

4. Guest;

do not include a "home-sharing occupant".

SECTION I – PROPERTY COVERAGES

B. Coverage B – Other Structures

With respect to the coverage provided by this endorsement, Paragraphs **B.2.b.** and **B.2.c.** are replaced by the following:

2. We do not cover:

b. Other structures rented or held for rental to any person other than a:

(1) "Home-sharing occupant"; or

(2) Tenant of the dwelling;
unless used solely as a private garage;

c. Other structures from which any "business" is conducted, except structures used primarily for "home-sharing host activities"; or

C. Coverage C – Personal Property

Paragraph **f.** of **4. Property Not Covered** is replaced by the following:

We do not cover:

f. Property of:

(1) A "home-sharing occupant";

(2) Any other person occupying the "residence premises" as a result of any "home-sharing host activities"; and

(3) Roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

D. Coverage D – Loss Of Use

With respect to the coverage provided by this endorsement, Paragraph **D.2. Fair Rental Value** is replaced by the following:

2. Lost Rental Value Of "Home-sharing Host Activities"

If an "insured" has entered into a contract or agreement with another person through the use of a "home-sharing network platform" for "home-sharing host activities" for a specified period of time, and either:

a. A loss covered under **SECTION I** makes that part of the "residence premises" used for such "home-sharing host activities" not fit to live in during the period of time specified in such contract or agreement; or

b. The "insured" or such other person cancels such contract or agreement, provided such cancellation takes place:

(1) During the period of time a National Weather Service hurricane watch or hurricane warning is in effect for any part of the state in which the:

(a) "Residence premises" is located; or

(b) Person entering into such contract or agreement with the "insured" resides; or

(2) Within 24 hours of the termination of such hurricane watch or hurricane warning described in Paragraph **b.(1)** of this provision;

we cover the lost rental value of the "home-sharing host activities" specified under such contract or agreement, less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest period of time agreed upon for "home-sharing host activities" under such contract or agreement.

E. Additional Coverages

Paragraph **E.10. Landlord's Furnishings** is replaced by the following:

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in **Coverage C**, other than Theft.

This coverage includes, but is not limited to, loss to appliances, carpeting and other household furnishings which results from "home-sharing host activities".

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

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

SECTION I – PERILS INSURED AGAINST

B. Coverage C – Personal Property

With respect to the coverage provided by this endorsement, Paragraph **9.b.(3)** is replaced by the following:

9. Theft

b. This peril does not include loss caused by theft:

(3) From that part of a "residence premises" rented by an "insured" to someone other than:

(a) Another "insured"; or

(b) A "home-sharing occupant".

However, we will not pay, under this Provision **b.(3)(b)**, for loss by theft of:

(i) Money, bank notes, bullion, gold, goldware, gold-plated ware, silver, silverware, silver-plated ware, pewterware, platinum, platinumware, platinum-plated ware, coins, medals, scrip, stored value cards and smart cards;

(ii) Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps regardless of the medium (such as paper or computer software) on which the material exists; or

(iii) Jewelry, watches, furs, precious and semiprecious stones; or

SECTION I – CONDITIONS

With respect to the coverage provided by this endorsement, Paragraph **G. Other Insurance And Service Agreement** is replaced by the following:

G. Other Insurance And Service Agreement

1. If a loss covered by this Policy is also covered by:

a. Other insurance, except insurance provided by a "home-sharing network platform", we will pay only the proportion of the loss that the limit of liability that applies under this Policy bears to the total amount of insurance covering the loss; or

b. A service agreement, protection plan or guarantee, except a service agreement, protection plan or guarantee provided by a "home-sharing network platform", this insurance is excess over any amounts payable under any such agreement.

2. Subject to Paragraph **G.1.**, if, at the time of loss, there is:

a. Other insurance;

b. A service agreement;

c. A protection plan; or

d. A guarantee;

provided by, on behalf of, or through a "home-sharing network platform" covering the same property covered by this Policy, this insurance is primary with respect to the amount due under such other insurance, service agreement, protection plan or guarantee.

3. As used in this Paragraph **G.:**

a. A service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

b. A protection plan or guarantee means a product provided by a "home-sharing network platform" which provides property damage protection for "home-sharing host activities", even if it is characterized as insurance.

SECTION II – EXCLUSIONS

With respect to the coverage provided by this endorsement, Exclusion **E.2.** is replaced by the following:

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) "Home-sharing host activities";

(2) With respect to other than "home-sharing host activities":

(a) The rental or holding for rental of an "insured location":

(i) On an occasional basis if used only as a residence;

HOMEOWNERS – Broadened Home-Sharing Host Activities Coverage Endorsement

- (ii) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (iii) In part, as an office, school, studio or private garage; and
- (b) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

Paragraph E. Coverage E - Personal Liability And Coverage F - Medical Payments to Others, is amended to include the following provision:

Coverages E and F do not apply to:

9. Violation of Ordinance or Law

The violation of any law or ordinance by an "insured" or a "home sharing occupant". "Bodily injury" or "property damage" arising out of a violation of any law or ordinance by an insured, including, but not limited to, any law or ordinance relating to dwelling rental activities or home sharing, violations of applicable building codes, and other violations.

Paragraph F. Coverage E – Personal Liability, is amended to include the following provision:

Coverage E does not apply to:

7. Liability for any violation of law or ordinance by an insured or home sharing occupant.

SECTION II – ADDITIONAL COVERAGES

With respect to the coverage provided by this endorsement, Paragraph C. Damage To Property Of Others is replaced by the following:

C. Home-sharing Host Activities Damage To Property Of Others

1. We will pay, at replacement cost, up to:
 - a. \$1,000; or
 - b. The Home-sharing Host Activities Damage To Property Of Others Limit Of Liability shown in the Schedule;whichever is greater, per "occurrence", for "property damage" to property of others:
 - a. Caused by an "insured"; and
 - b. Arising out of "home-sharing host activities".
2. We will not pay for "property damage":

- a. To the extent of any amount recoverable under SECTION I;
- b. Caused intentionally by an "insured" who is 13 years of age or older;
- c. To property owned by an "insured";
- d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
- e. Arising out of:
 - (1) A "business", other than "home-sharing host activities", engaged in by an "insured";
 - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
 - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".This Exclusion e.(3) does not apply to a "motor vehicle" that:
 - (a) Is designed for recreational use off public roads;
 - (b) Is not owned by an "insured"; and
 - (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

SECTION II – CONDITIONS

With respect to the coverage provided by this endorsement, Paragraph H. Other Insurance is replaced by the following:

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy. This insurance is also excess over other insurance, protection plans or guarantees provided by, on behalf of or through a "home sharing network platform". A protection plan or guarantee means a product provided by, on behalf of, or through a "home-sharing network platform" which provides liability protection for "home-sharing host activities".

SECTIONS I AND II – CONDITIONS

The following provision is added:

HOMEOWNERS – Broadened Home-Sharing Host Activities Coverage Endorsement

Home-sharing Host Activities Verification Requirements

With respect to "home-sharing host activities", we must be provided, as often as we reasonably require, with information concerning the number of:

1. Rental agreements or contracts entered into by an "insured"; and
2. Nights the "residence premises" was occupied, in whole or in part, by "home-sharing occupants".

The following provision is added:

Personal Injury Coverage

If the Personal Injury Coverage endorsement is made a part of this Policy, Exclusion 1.g. is replaced by the following:

This insurance does not apply to:

1. "Personal injury":
 - g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

This exclusion does not apply to:

- (1) "Home-sharing host activities";
- (2) With respect to other than "home-sharing host activities":
 - (a) The rental or holding for rental of an "insured location":
 - (i) On an occasional basis if used only as a residence;
 - (ii) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
 - (iii) In part, as an office, school, studio or private garage; and
 - (b) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

All other provisions of this Policy apply.

Notice to Consumers – California Residential Property Insurance Disclosure

This disclosure is required by Section 10102 of the California Insurance Code. This form provides general information related to residential property insurance and is not part of your residential property insurance policy. Only the specific provisions of your policy will determine whether a particular loss is covered and the amount payable. This information provided does not preempt existing California law.

PRIMARY FORMS OF RESIDENTIAL DWELLING COVERAGE

You have purchased the coverage(s) checked below. NOTE: Actual Cash Value is the most limited level of coverage listed. Guaranteed Placement Cost is the broadest level of coverage.

ACTUAL CASH VALUE COVERAGE pays the costs to repair the damaged dwelling minus a deduction for physical depreciation. If the dwelling is completely destroyed, this coverage pays the fair market value of the dwelling at time of loss. In either case, coverage only pays for costs up to the limits specified in your policy.

REPLACEMENT COST COVERAGE is intended to provide for the cost to repair or replace the damaged or destroyed dwelling, without a deduction for physical depreciation. Many policies pay only the dwelling's actual cash value until the insured has actually begun or completed repairs or reconstruction on the dwelling. Coverage only pays for replacement costs up to the limits specified in your policy.

EXTENDED REPLACEMENT COST COVERAGE is intended to provide for the cost to repair or replace the damaged or destroyed dwelling without a deduction for physical depreciation. Many policies pay only the dwelling's actual cash value until the insured has actually begun or completed repairs or reconstruction on the dwelling. Extended Replacement Cost provides additional coverage above the dwelling limits up to a stated percentage or specific dollar amount. See your policy for the additional coverage that applies.

GUARANTEED REPLACEMENT COST COVERAGE covers the full cost to repair or replace the damaged or destroyed dwelling for a covered peril regardless of the dwelling limits shown on the policy declarations page.

BUILDING CODE UPGRADE COVERAGE, also called Ordinance and Law coverage, is an important option that covers additional costs to repair or replace a dwelling to comply with the building codes and zoning laws in effect at the time of loss or rebuilding. These costs may otherwise be excluded by your policy. Meeting current building code requirements can add significant costs to rebuilding your home. Refer to your policy or endorsement for the specific coverage provided and coverage limits that apply.

READ YOUR POLICY AND POLICY DECLARATIONS PAGE CAREFULLY: The policy declarations page shows the specific coverage limits you have purchased for your dwelling, personal property, separate structures such as detached garages, and additional living expenses. The actual policy and endorsements provide the details on extensions of coverage, limitations of coverage, and coverage conditions and exclusions. The amount of any claim payment made to you will be reduced by any applicable deductibles shown on your policy declarations page. It is important to take the time to consider whether the limits and limitations of your policy meet your needs. Contact your agent, broker, or insurance company if you have questions about what is covered or if you want to discuss your coverage options.

INFORMATION YOU SHOULD KNOW ABOUT RESIDENTIAL DWELLING INSURANCE

AVOID BEING UNDERINSURED: Insuring your home for less than its replacement cost may result in your having to pay thousands of dollars out of your own pocket to rebuild your home if it is completely destroyed. Contact your agent, broker, or insurance company immediately if you believe your policy limits may be inadequate.

THE RESIDENTIAL DWELLING COVERAGE LIMIT: The coverage limit on the dwelling structure should be high enough so you can rebuild your home if it is completely destroyed. Please note:

- The cost to rebuild your home is almost always different from the market value.
- Dwelling coverage limits do not cover the value of your land.
- The estimate to rebuild your home should be based on construction costs in your area and should be adjusted to account for the features of your home. These features include but are not limited to the square footage, type of foundation, number of stories, and the quality of the materials used for items such as flooring, countertops, windows, cabinetry, lighting, and plumbing.
- The cost to rebuild your home should be adjusted each year to account for inflation.
- Coverage limits for contents, separate structures, additional living expenses and debris removal are usually based on a percentage of the limit for the dwelling. If your dwelling limit is too low, these coverage limits may also be too low.

You are encouraged to obtain a current estimate of the cost to rebuild your home from your insurance agent, broker, or insurance company or an independent appraisal from a local contractor, architect, or real estate appraiser. If you do obtain an estimate of replacement value, and wish to change your policy limits, contact your insurance company. While not a guarantee, a current estimate can help protect you against being underinsured.

DEMAND SURGE: After a widespread disaster, the cost of construction can increase dramatically as a result of the unusually high demand for contractors, building supplies and construction labor. This effect is known as demand surge. Demand surge can increase the cost of rebuilding your home. Consider increasing your coverage limits or purchasing Extended Replacement Cost coverage to prepare for this possibility.

CHANGES TO PROPERTY: Changes to your property may increase its replacement cost. These changes may include the building of additions, customizing your kitchen or bathrooms, or otherwise remodeling your home. Failure to advise your insurance company of any significant changes to your property may result in your home being underinsured.

EXCLUSIONS: Not all causes of damage are covered by common homeowners or residential fire policies. You need to read your policy to see what causes of loss or perils are not covered. Coverage for landslide is typically excluded. Some excluded perils such as earthquake or flood can be purchased as an endorsement to your policy or as a separate policy. Contact your agent, broker, or insurance company if you have any concerns about any of the exclusions in your policy.

CONTENTS (PERSONAL PROPERTY) COVERAGE DISCLOSURE:

This disclosure form does not explain the types of contents coverage provided by your policy for items such as your furniture or clothing. Contents may be covered on either an actual cash value or replacement cost basis depending on the contract. Almost all policies include specific dollar limitations on certain property that is particularly valuable such as jewelry, art, or silverware. Contact your agent, broker or insurance company if you have questions about your contents coverage. You should create a list of all personal property in and around your home. Pictures and video recordings also help you document your property. The list, photos, and video should be stored away from your home.

CONSUMER ASSISTANCE:

If you have any concerns or questions, contact your agent, broker, or insurance company. You are also encouraged to contact the California Department of Insurance consumer information line at (800)927-HELP (4357) or at www.insurance.ca.gov for free insurance assistance.

OFFER OF EARTHQUAKE COVERAGE

Your residential property insurance policy does not cover earthquake damage to your home or its contents.

To cover earthquake damage to your home and its contents you need to purchase a separate earthquake insurance policy. The coverage provided by an earthquake insurance policy is different from, and typically more limited than, the coverage provided by your residential property insurance policy.

California law requires insurance companies to offer earthquake insurance in conjunction with a residential property insurance policy. If you do not accept the offer of earthquake insurance below within 30 days of the mailing of this notice, your insurance company shall presume that you have not accepted this offer of earthquake insurance.

You may purchase earthquake insurance coverage on the following terms:

(A) Amount of Dwelling/Building Coverage Limit:	\$2,962,000
(B) Deductible:	15%
(C) Contents Coverage Limit:	\$5,000
(D) Additional Living Expenses Coverage Limit:	\$1,500
Building Upgrade:	\$10,000
Total Estimated Premium with Earthquake Coverage:	\$11,487.00

Additional Rating Factors

Number of Stories:	2 stories or more
Construction/Year Built/Foundation:	Frame/1987/Concrete Slab
Coverage for Masonry Veneer:	No

The deductible represents the amount of damage your covered property must incur before the earthquake insurance coverage begins. If your covered loss is less than the applicable deductible, you may not receive any payment.

Contact your insurance agent or your insurance company to obtain details regarding this offer of earthquake insurance and other coverage options.

NOTICE OF NONCOVERAGE FOR EARTHQUAKE

All insureds and applicants are cautioned that homeowners and dwelling insurance policies do not provide coverage for earthquake damage unless specifically included on your declarations page.

***Earthquake* insurance is available through an endorsement to your policy for an additional premium. The decision to purchase earthquake insurance is one that should be carefully considered based on individual circumstances.**

This notice is a general description of coverage and does not change, modify or invalidate the provisions, terms or conditions of your policy or endorsements.

THIS ENDORSEMENT AUTHORIZES THE POLICY.

AUTHORIZATION AND ATTESTATION

This endorsement authorizes the insurance contract between you and the insurance company subsidiary listed on the DECLARATIONS PAGE of your insurance policy.

In Witness Whereof, this page executes and fully attests to this policy. If required by state law, the policy shall not be valid unless countersigned by our authorized representatives.

Authorizing signatures



Michael J. Dulin
General Counsel and Secretary



Sy Foguel, ACAS, FILAA
Chief Executive Officer and President

CALIFORNIA FRAUD STATEMENT

For your protection, California law requires that you be made aware of the following: Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

CALIFORNIA RESIDENTIAL PROPERTY INSURANCE BILL OF RIGHTS

CALIFORNIA RESIDENTIAL PROPERTY BILL OF RIGHTS

The largest single investment most consumers make is their home and related property. In order to best protect these assets, it is wise for consumers to understand the homeowner's insurance market. Consumers should consider the following:

Read your policy carefully and understand the coverage and limits provided. Homeowner's insurance policies contain sublimits for various coverages such as personal property, debris removal, additional living expense, detached fences, garages, etc.

Keep accurate records of renovations and improvements to the structure of your home, as it could affect your need to increase your coverage.

Maintaining a list of all personal property, pictures and video equipment may help in the case of a loss. The list should be stored away from your home.

Comparison shop for insurance, as not all policies are the same and coverage and prices vary.

Take time to determine the cost to rebuild or replace your property in today's market. You can seek an independent evaluation of this cost.

An agent or insurance company may help you establish policy limits that are adequate to rebuild your home.

Once the policy is in force, contact your agent or insurance company immediately if you believe your policy limits may be inadequate.

A consumer is entitled to receive information regarding homeowner's insurance. The following is a limited overview of information that your insurance company can provide:

- The California Residential Property Insurance Disclosure.
- An explanation of how your policy limits were established.
- The insurance company's customer service telephone number for underwriting, rating and claims inquiries.
- A written explanation for any cancellation or nonrenewal of your policy.
- A copy of the insurance policy.
- In the event of a claim, an itemized, written scope of loss report prepared by the insurer or its adjuster within a reasonable time period.
- In the event of a claim, notification of a consumer's rights with respect to the appraisal process for resolving claims disputes.
- In the event of a claim, a copy of the Unfair Practices Act and, if requested, a copy of the Fair Claims Practices Regulations.
- An offer of coverage and premium quote for earthquake coverage, if eligible.

A consumer is also entitled to select a licensed contractor or vendor to repair, replace or rebuild damaged property covered by the policy.

The information provided herein is not all inclusive and does not negate or preempt existing California law. If you have any concerns or questions, contact your agent, broker, insurance company or the California Department of Insurance consumer information line at 1-800-927-HELP (4357) or at www.insurance.ca.gov for free insurance assistance.

CALIFORNIA RESIDENTIAL PROPERTY INSURANCE BILL OF RIGHTS AND CLAIM REPORTING DISCLOSURE NOTICE

CALIFORNIA RESIDENTIAL PROPERTY BILL OF RIGHTS

The largest single investment most consumers make is their home and related property. In order to best protect these assets, it is wise for consumers to understand the homeowner's insurance market. Consumers should consider the following:

Read your policy carefully and understand the coverage and limits provided. Homeowner's insurance policies contain sublimits for various coverages such as personal property, debris removal, additional living expense, detached fences, garages, etc.

Keep accurate records of renovations and improvements to the structure of your home, as it could affect your need to increase your coverage.

Maintaining a list of all personal property, pictures and video equipment may help in the case of a loss. The list should be stored away from your home.

Comparison shop for insurance, as not all policies are the same and coverage and prices vary.

Take time to determine the cost to rebuild or replace your property in today's market. You can seek an independent evaluation of this cost.

An agent or insurance company may help you establish policy limits that are adequate to rebuild your home.

Once the policy is in force, contact your agent or insurance company immediately if you believe your policy limits may be inadequate.

A consumer is entitled to receive information regarding homeowner's insurance. The following is a limited overview of information that your insurance company can provide:

- The California Residential Property Insurance Disclosure.
- An explanation of how your policy limits were established.
- The insurance company's customer service telephone number for underwriting, rating and claims inquiries.
- A written explanation for any cancellation or nonrenewal of your policy.
- A copy of the insurance policy.
- In the event of a claim, an itemized, written scope of loss report prepared by the insurer or its adjuster within a reasonable time period.
- In the event of a claim, notification of a consumer's rights with respect to the appraisal process for resolving claims disputes.
- In the event of a claim, a copy of the Unfair Practices Act and, if requested, a copy of the Fair Claims Practices Regulations.
- An offer of coverage and premium quote for earthquake coverage, if eligible.

A consumer is also entitled to select a licensed contractor or vendor to repair, replace or rebuild damaged property covered by the insurance policy.

The information provided herein is not all inclusive and does not negate or preempt existing California law. If you have any concerns or questions, contact your agent, broker, insurance company, or the California Department of Insurance consumer information line at 1-800-927-HELP (4357) or at www.insurance.ca.gov for free insurance assistance.

CLAIMS REPORTING DISCLOSURE

THIS INSURER REPORTS CLAIM INFORMATION TO ONE (OR MORE) CLAIMS INFORMATION DATABASE(S). THE CLAIM INFORMATION IS USED TO FURNISH LOSS HISTORY REPORTS TO INSURERS. IF YOU ARE INTERESTED IN OBTAINING A REPORT FROM A CLAIMS INFORMATION DATABASE, YOU MAY DO SO BY CONTACTING:

Database Company: Verisk Analytics

Toll Free Number: 800-709-8842

Website Address: N/A

CALIFORNIA NOTICE OF DESIGNATED ADDITIONAL PERSON TO RECEIVE NOTICE OF CANCELLATION OR NONRENEWAL

SCHEDULE

Additional Person To Receive Notice Of Cancellation Or Nonrenewal
Name:
Address:

In accordance with CAL INS. CODE § 396, we are notifying you of your right to designate one additional person to receive notice of lapse, termination, expiration, nonrenewal, or cancellation of your policy for nonpayment of premium.

You may establish or change the designated person by completing the Schedule and mailing or delivering this completed notice to us. No benefit under your policy is provided to the designated person by this Notice, other than the right to receive the aforementioned notice.

Exhibit B

HAPPY VALLEY ROAD, LLC
Plaintiff
vs.
AMGUARD INSURANCE COMPANY
Defendant

: IN THE COURT OF COMMON PLEAS
: OF LUZERNE COUNTY

: CIVIL ACTION LAW

PROTHONOTARY LUZERNE COUNTY
FILED AUG 30 '22 PM 4:02

: NO. 02582 of 2022

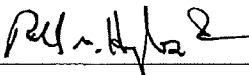
ORDER

AND NOW, this 30th day of August, 2022, upon consideration of Defendant, Amguard Insurance Company's ("Amguard") Alternative Request to Dismiss this matter pursuant to Interstate Forum Non Conveniens, the response thereto and following oral argument, it is hereby ORDERED that Amguard's Alternative Request is **GRANTED**.

It is further ORDERED that Plaintiff's Amended Complaint is **DISMISSED** without prejudice pursuant to Forum Non Conveniens with leave to refile in the State of California.

The Office of Judicial Records of Luzerne County is directed to mail a copy of this Order to all counsel of record or each party if unrepresented pursuant to Pa. R.C.P. 236.

BY THE COURT:


_____ J.

Cc:

John Ellison, Esquire
George C. Morrison, Esquire
Three Logan Square
1717 Arch Street, Suite 3100
Philadelphia, PA 19103

Perrey Lee, Esquire
3500 N. Hullen Street
Metairie, LA 70002

Jayme Bronson, Esquire
Two Liberty Place
50 S. 16th Street, Suite 3200
Philadelphia, PA 19102

Brooke Jarrett, Esquire
Simpson Thacher & Bartlett, LLP
425 Lexington Avenue
New York, NY 10117

Exhibit C

From: Lopez, Thomas <Thomas.Lopez@luzernecounty.org>
Sent: Friday, September 2, 2022 6:55 AM
To: Morrison, George C.
Cc: Jarrett, Bonnie; Bronson, Jayme C.; Ellison, John N.; Debevec, Luke E.; Perrey Lee
Subject: RE: Happy Valley Road, LLC v. Amguard Insurance Company - 2582 of 2022
Attachments: 20220902102755118.pdf

Good Morning All,

Please see the attached Order related to Oral Argument which took place on August 30, 2022.

Best,
Thomas Lopez, Esq.
Law Clerk to the Honorable Richard M. Hughes, III

From: Morrison, George C. <george.morrison@bipc.com>
Sent: Thursday, September 1, 2022 9:46 PM
To: Lopez, Thomas <Thomas.Lopez@luzernecounty.org>
Cc: Jarrett, Bonnie <Bonnie.Jarrett@stblaw.com>; Bronson, Jayme C. <jayme.bronson@bipc.com>; jellison@reedsmith.com; ldebevec@reedsmith.com; perrey@gmhatlaw.com
Subject: Happy Valley Road, LLC v. Amguard Insurance Company - 2582 of 2022

Attorney Lopez –

Thank you again for your time and attention to this matter. Enclosed please find a letter addressed to Judge Hughes, which addresses Plaintiff's August 31, 2022 "Letter of Supplemental Authority." Respectfully,

George C. Morrison
Shareholder

Philadelphia Office:
Two Liberty Place
50 S. 16th Street, Suite 3200
Philadelphia, PA 19102-2555
215-665-3909 – (O)
570-817-3362 – (C)
george.morrison@bipc.com

New York Office:
640 5th Avenue, 9th Floor
New York, NY 10019
212-440-4403 – (O)

BIPC.com | [Twitter](#) | [LinkedIn](#)

Buchanan Ingersoll & Rooney PC

From: Lopez, Thomas <Thomas.Lopez@luzernecounty.org>
Sent: Monday, August 29, 2022 11:07 AM
To: Morrison, George C. <george.morrison@bipc.com>
Cc: jellison@reedsmith.com; ldebevec@reedsmith.com; perrey@gmhatlaw.com; Bronson, Jayme C. <jayme.bronson@bipc.com>
Subject: RE: [EXTERNAL]: RE: Happy Valley Road, LLC v. Amguard Insurance Company - 2582 of 2022 - Oral Argument re Def.'s Preliminary Objections

Good Morning Attorney Morrison,

Please see the attached Order granting the Motion for Admission Pro Hac Vice and serve the same upon opposing counsel.

Best.
Thomas Lopez, Esq.
Law Clerk to the Honorable Richard M. Hughes, III

From: Morrison, George C. <george.morrison@bipc.com>
Sent: Saturday, August 27, 2022 11:18 AM
To: Lopez, Thomas <Thomas.Lopez@luzernecounty.org>
Cc: jellison@reedsmith.com; ldebevec@reedsmith.com; perrey@gmhatlaw.com; Bronson, Jayme C. <jayme.bronson@bipc.com>
Subject: [EXTERNAL]: RE: Happy Valley Road, LLC v. Amguard Insurance Company - 2582 of 2022 - Oral Argument re Def.'s Preliminary Objections

WARNING: This message is from an external email address. Do not click any links or open any attachments unless you recognize the sender **AND** you know that the contents of the email are safe to open.

Attorney Lopez –

Thank you again for your time and attention to this matter. Enclosed please find a letter addressed to Judge Hughes, which encloses a courtesy copy of a Motion for Admission of Pro Hac Vice of Brooke Jarrett in advance of the upcoming August 30, 2022 oral argument in this matter. Respectfully,

George C. Morrison
Shareholder

Philadelphia Office:
Two Liberty Place
50 S. 16th Street, Suite 3200
Philadelphia, PA 19102-2555
215-665-3909 – (O)
570-817-3362 – (C)
george.morrison@bipc.com

New York Office:
640 5th Avenue, 9th Floor
New York, NY 10019
212-440-4403 – (O)

BIPC.com | [Twitter](https://twitter.com) | [LinkedIn](https://www.linkedin.com)

Buchanan Ingersoll & Rooney PC

From: Lopez, Thomas <Thomas.Lopez@luzernecounty.org>

Sent: Friday, August 26, 2022 9:41 AM

To: Morrison, George C. <george.morrison@bipc.com>; jellison@reedsmith.com; ldebevec@reedsmith.com; perrey@gmhatlaw.com

Subject: Happy Valley Road, LLC v. Amguard Insurance Company - 2582 of 2022 - Oral Argument re Def.'s Preliminary Objections

[This Email Originated From thomas.lopez@luzernecounty.org Which Is External To The Firm]

Good Morning Counsel,

Following the conference this morning, Oral Argument on Defendant's Preliminary Objections is scheduled for Tuesday, August 30, 2022 at 10 AM (EST) via telephone. Please call (425) 436-6371; Access Code: 203144# at that time.

Best,

Thomas Lopez, Esq.

Law Clerk to the Honorable Richard M. Hughes, III

If you have concerns about the validity of this message, contact the sender directly, or the Luzerne County IT Department at Cybersecurity@LuzerneCounty.org

CONFIDENTIAL/PRIVILEGED INFORMATION: This e-mail message (including any attachments) is a private communication sent by a law firm and may contain confidential, legally privileged or protected information meant solely for the intended recipient. If you are not the intended recipient, you are hereby notified that any use, dissemination, distribution or copying of this communication is prohibited and may be unlawful. Please notify the sender immediately by replying to this message, then delete the e-mail and any attachments from your system.

CONFIDENTIAL/PRIVILEGED INFORMATION: This e-mail message (including any attachments) is a private communication sent by a law firm and may contain confidential, legally privileged or protected information meant solely for the intended recipient. If you are not the intended recipient, you are hereby notified that any use, dissemination, distribution or copying of this communication is prohibited and may be unlawful. Please notify the sender immediately by replying to this message, then delete the e-mail and any attachments from your system.

Exhibit D



Contra Costa County

County Administrator's Office • 651 Pine Street • Martinez, CA 94553 • www.contracosta.ca.gov

Press Release

FOR IMMEDIATE RELEASE

Tuesday, March 10, 2020

Contact: Susan Shiu, PIO

Phone: (925) 313-1183

Email: susan.shiu@contracostatv.org

Contra Costa County Issues Emergency Proclamation

(Martinez, CA) – The Contra Costa County Board of Supervisors adopted a resolution at its Board meeting on March 10, 2020 for a proclamation of a state of emergency in the County of Contra Costa to deal with the potential spread of novel coronavirus or COVID-19.

The proclamation states that “this Board found that due to the introduction of coronavirus disease 2019 (COVID-19), conditions of disaster or extreme peril to the safety of persons and property did exist in the County of Contra Costa commencing on or about March 3, 2020, and therefore the Board proclaimed the existence of a local emergency throughout this county. These conditions, by reason of their magnitude, are or are likely to be beyond the control of the services, personnel, equipment, and facilities of this County, and will require the combined forces of a mutual aid region or regions to combat.”

The proclamation states that “this Board requests the Governor of the State of California to proclaim the County of Contra Costa to be in a state of emergency.”

Board Chair, Supervisor Candace Andersen, said, “The new coronavirus or COVID-19 presents our community with a challenge. While I urge you to be prepared, it is certainly not a time to panic. Following our health officials’ guidelines will help prevent the spread of disease. The County and Contra Costa Health Services will continue to offer guidance and resources. Meanwhile, there is much each and everyone one of us can do to keep our families and communities well. It will take all of us working together.”

The Supervisors emphasized that “everyone plays an important role” as they unanimously voted for a county emergency proclamation that will allow our health department to mobilize county resources, accelerate emergency planning, streamline staffing, coordinate agencies across the county, allow for future reimbursement by the state and federal governments, and raise awareness about how everyone can prepare in the event that COVID-19 begins to spread in our community.

“The County and its health department will continue to work with multiple agencies and jurisdictions to keep residents informed during this local emergency,” said County

Administrator David J. Twa. “We will continue to take appropriate steps to protect the safety and well being of our employees and the public. We encourage everyone to stay prepared.”

Visit cchealth.org/coronavirus for County Health officials’ latest guidance for the community and resources. For the latest updates, follow Contra Costa Health Services (CCHS) on Twitter [@CoCoHealth](https://twitter.com/CoCoHealth) and on [CCHS Facebook](https://www.facebook.com/CCHS). Information is also available at www.contracosta.ca.gov.

###

Exhibit E



**ORDER OF THE HEALTH OFFICER
OF THE COUNTY OF CONTRA COSTA DIRECTING
ALL INDIVIDUALS LIVING IN THE COUNTY TO SHELTER AT THEIR
PLACE OF RESIDENCE EXCEPT THAT THEY MAY LEAVE TO
PROVIDE OR RECEIVE CERTAIN ESSENTIAL SERVICES OR
ENGAGE IN CERTAIN ESSENTIAL ACTIVITIES AND WORK FOR
ESSENTIAL BUSINESSES AND GOVERNMENTAL SERVICES;
EXEMPTING INDIVIDUALS EXPERIENCING HOMELESSNESS FROM
THE SHELTER IN PLACE ORDER BUT URGING THEM TO FIND
SHELTER AND GOVERNMENT AGENCIES TO PROVIDE IT;
DIRECTING ALL BUSINESSES AND GOVERNMENTAL AGENCIES TO
CEASE NON-ESSENTIAL OPERATIONS AT PHYSICAL LOCATIONS IN
THE COUNTY; PROHIBITING ALL NON-ESSENTIAL GATHERINGS
OF ANY NUMBER OF INDIVIDUALS; AND ORDERING CESSATION OF
ALL NON-ESSENTIAL TRAVEL**

DATE OF ORDER: MARCH 16, 2020

Please read this Order carefully. Violation of or failure to comply with this Order is a misdemeanor punishable by fine, imprisonment, or both. (California Health and Safety Code § 120295, *et seq.*)

UNDER THE AUTHORITY OF CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 101040, AND 120175, THE HEALTH OFFICER OF THE COUNTY OF CONTRA COSTA (“HEALTH OFFICER”) ORDERS:

- 1) The intent of this Order is to ensure that the maximum number of people self-isolate in their places of residence to the maximum extent feasible, while enabling essential services to continue, to slow the spread of COVID-19 to the maximum extent possible. When people need to leave their places of residence, whether to obtain or perform vital services, or to otherwise facilitate authorized activities necessary for continuity of social and commercial life, they should at all times reasonably possible comply with Social Distancing Requirements as defined in Section 10 below. All provisions of this Order should be interpreted to effectuate this intent. Failure to comply with any of the provisions of this Order constitutes an imminent threat to public health.
- 2) All individuals currently living within Contra Costa County (the “County”) are ordered to shelter at their place of residence. To the extent individuals are using shared or outdoor spaces, they must at all times as reasonably possible maintain social distancing of at least six feet from any other person when they are outside their residence. All persons may leave their residences only for Essential Activities, Essential Governmental Functions, or to operate Essential Businesses, all



as defined in Section 10. Individuals experiencing homelessness are exempt from this Section, but are strongly urged to obtain shelter, and governmental and other entities are strongly urged to make such shelter available as soon as possible and to the maximum extent practicable (and to utilize Social Distancing Requirements in their operation).

- 3) All businesses with a facility in the County, except Essential Businesses as defined below in Section 10, are required to cease all activities at facilities located within the County except Minimum Basic Operations, as defined in Section 10. For clarity, businesses may also continue operations consisting exclusively of employees or contractors performing activities at their own residences (i.e., working from home). All Essential Businesses are strongly encouraged to remain open. To the greatest extent feasible, Essential Businesses shall comply with Social Distancing Requirements as defined in Section 10 below, including, but not limited to, when any customers are standing in line.
- 4) All public and private gatherings of any number of people occurring outside a household or living unit are prohibited, except for the limited purposes as expressly permitted in Section 10. Nothing in this Order prohibits the gathering of members of a household or living unit.
- 5) All travel, including, but not limited to, travel on foot, bicycle, scooter, motorcycle, automobile, or public transit, except Essential Travel and Essential Activities as defined below in Section 10, is prohibited. People must use public transit only for purposes of performing Essential Activities or to travel to and from work to operate Essential Businesses or maintain Essential Governmental Functions. People riding on public transit must comply with Social Distancing Requirements as defined in Section 10 below, to the greatest extent feasible. This Order allows travel into or out of the County to perform Essential Activities, operate Essential Businesses, or maintain Essential Governmental Functions.
- 6) This Order is issued based on evidence of increasing occurrence of COVID-19 within the County and throughout the Bay Area, scientific evidence and best practices regarding the most effective approaches to slow the transmission of communicable diseases generally and COVID-19 specifically, and evidence that the age, condition, and health of a significant portion of the population of the County places it at risk for serious health complications, including death, from COVID-19. Due to the outbreak of the COVID-19 virus in the general public, which is now a pandemic according to the World Health Organization, there is a public health emergency throughout the County. Making the problem worse, some individuals who contract the COVID-19 virus have no symptoms or have mild symptoms, which means they may not be aware they carry the virus. Because even people without symptoms can transmit the disease, and because evidence shows the disease is easily spread, gatherings can result in preventable transmission of the virus. The scientific evidence shows that at this stage of the emergency, it is essential to slow virus transmission as much as possible to protect the most vulnerable and to prevent the health care system from being overwhelmed. One proven way to slow the transmission is to limit interactions among people to the greatest extent practicable. By reducing the spread of the COVID-19 virus, this Order helps preserve critical and limited healthcare capacity in the County.
- 7) This Order also is issued in light of the existence of 29 cases of COVID-19 in the County, as well as at least 258 confirmed cases and at least three deaths in the seven Bay Area jurisdictions jointly issuing this Order, as of 5 p.m. on March 15, 2020, including a significant and increasing number of suspected cases of community transmission and likely further significant increases in transmission. Widespread testing for COVID-19 is not yet available but is expected to increase in



the coming days. This Order is necessary to slow the rate of spread and the Health Officer will re-evaluate it as further data becomes available.

- 8) This Order is issued in accordance with, and incorporates by reference, the March 4, 2020 Proclamation of a State of Emergency issued by Governor Gavin Newsom, This Order is issued in accordance with, and incorporates by reference, the March 4, 2020 Proclamation of a State of Emergency issued by Governor Gavin Newsom and the March 10, 2020 Resolution of the Contra Costa County Board of Supervisors declaring the existence of a Local Emergency in Contra Costa County.
- 9) This Order comes after the release of substantial guidance from the County Health Officer, the Centers for Disease Control and Prevention, the California Department of Public Health, and other public health officials throughout the United States and around the world, including a variety of prior orders to combat the spread and harms of COVID-19. The Health Officer will continue to assess the quickly evolving situation and may modify or extend this Order, or issue additional Orders, related to COVID-19.

10) Definitions and Exemptions.

- a. For purposes of this Order, individuals may leave their residence only to perform any of the following “Essential Activities.” But people at high risk of severe illness from COVID-19 and people who are sick are urged to stay in their residence to the extent possible except as necessary to seek medical care.
 - i. To engage in activities or perform tasks essential to their health and safety, or to the health and safety of their family or household members (including, but not limited to, pets), such as, by way of example only and without limitation, obtaining medical supplies or medication, visiting a health care professional, or obtaining supplies they need to work from home.
 - ii) To obtain necessary services or supplies for themselves and their family or household members, or to deliver those services or supplies to others, such as, by way of example only and without limitation, canned food, dry goods, fresh fruits and vegetables, pet supply, fresh meats, fish, and poultry, and any other household consumer products, and products necessary to maintain the safety, sanitation, and essential operation of residences.
 - iii) To engage in outdoor activity, provided the individuals comply with Social Distancing Requirements as defined in this Section, such as, by way of example and without limitation, walking, hiking, or running.
 - iv) To perform work providing essential products and services at an Essential Business or to otherwise carry out activities specifically permitted in this Order, including Minimum Basic Operations.
 - v) To care for a family member or pet in another household.
- b) For purposes of this Order, individuals may leave their residence to work for or obtain services at any “Healthcare Operations” including hospitals, clinics, dentists, pharmacies, pharmaceutical and biotechnology companies, other healthcare facilities, healthcare suppliers, home healthcare services providers, mental health providers, or any related and/or ancillary healthcare services. “Healthcare Operations” also includes veterinary care and all healthcare services provided to animals. This exemption shall be construed broadly to avoid any impacts to the delivery of healthcare, broadly defined. “Healthcare Operations” does not include fitness and exercise gyms and similar facilities.



- c) For purposes of this Order, individuals may leave their residence to provide any services or perform any work necessary to the operations and maintenance of “Essential Infrastructure,” including, but not limited to, public works construction, construction of housing (in particular affordable housing or housing for individuals experiencing homelessness), airport operations, water, sewer, gas, electrical, oil refining, roads and highways, public transportation, solid waste collection and removal, internet, and telecommunications systems (including the provision of essential global, national, and local infrastructure for computing services, business infrastructure, communications, and web-based services), provided that they carry out those services or that work in compliance with Social Distancing Requirements as defined this Section, to the extent possible.
- d) For purposes of this Order, all first responders, emergency management personnel, emergency dispatchers, court personnel, and law enforcement personnel, and others who need to perform essential services are categorically exempt from this Order. Further, nothing in this Order shall prohibit any individual from performing or accessing “Essential Governmental Functions,” as determined by the governmental entity performing those functions. Each governmental entity shall identify and designate appropriate employees or contractors to continue providing and carrying out any Essential Governmental Functions. All Essential Governmental Functions shall be performed in compliance with Social Distancing Requirements as defined in this Section, to the extent possible.
- e) For the purposes of this Order, covered businesses include any for-profit, non-profit, or educational entities, regardless of the nature of the service, the function they perform, or its corporate or entity structure.
- f) For the purposes of this Order, “Essential Businesses” means:
 - i) Healthcare Operations and Essential Infrastructure;
 - ii) Grocery stores, certified farmers’ markets, farm and produce stands, supermarkets, food banks, convenience stores, and other establishments engaged in the retail sale of canned food, dry goods, fresh fruits and vegetables, pet supply, fresh meats, fish, and poultry, and any other household consumer products (such as cleaning and personal care products). This includes stores that sell groceries and also sell other non-grocery products, and products necessary to maintaining the safety, sanitation, and essential operation of residences;
 - iii) Food cultivation, including farming, livestock, and fishing;
 - iv) Businesses that provide food, shelter, and social services, and other necessities of life for economically disadvantaged or otherwise needy individuals;
 - v) Newspapers, television, radio, and other media services;
 - vi) Gas stations and auto-supply, auto-repair, and related facilities;
 - vii) Banks and related financial institutions;
 - viii) Hardware stores;
 - ix) Plumbers, electricians, exterminators, and other service providers who provide services that are necessary to maintaining the safety, sanitation, and essential operation of residences, Essential Activities, and Essential Businesses;
 - x) Businesses providing mailing and shipping services, including post office boxes;
 - xi) Educational institutions—including public and private K-12 schools, colleges, and universities—for purposes of facilitating distance learning or performing essential functions, provided that social distancing of six-feet per person is maintained to the greatest extent possible;
 - xii) Laundromats, drycleaners, and laundry service providers;
 - xiii) Restaurants and other facilities that prepare and serve food, but only for delivery or carry out. Schools and other entities that typically provide free food services to



students or members of the public may continue to do so under this Order on the condition that the food is provided to students or members of the public on a pick-up and take-away basis only. Schools and other entities that provide food services under this exemption shall not permit the food to be eaten at the site where it is provided, or at any other gathering site;

- xiv) Businesses that supply products needed for people to work from home;
- xv) Businesses that supply other Essential Businesses with the support or supplies necessary to operate;
- xvi) Businesses that ship or deliver groceries, food, goods or services directly to residences;
- xvii) Airlines, taxis, and other private transportation providers providing transportation services necessary for Essential Activities and other purposes expressly authorized in this Order;
- xviii) Home-based care for seniors, adults, or children;
- xix) Residential facilities and shelters for seniors, adults, and children;
- xx) Professional services, such as legal or accounting services, when necessary to assist in compliance with legally mandated activities;
- xxi) Childcare facilities providing services that enable employees exempted in this Order to work as permitted. To the extent possible, childcare facilities must operate under the following mandatory conditions:
 - (1) Childcare must be carried out in stable groups of 12 or fewer (“stable” means that the same 12 or fewer children are in the same group each day).
 - (2) Children shall not change from one group to another.
 - (3) If more than one group of children is cared for at one facility, each group shall be in a separate room. Groups shall not mix with each other.
 - (4) Childcare providers shall remain solely with one group of children.
- g) For the purposes of this Order, “Minimum Basic Operations” include the following, provided that employees comply with Social Distancing Requirements as defined this Section, to the extent possible, while carrying out such operations:
 - i. The minimum necessary activities to maintain the value of the business’s inventory, ensure security, process payroll and employee benefits, or for related functions.
 - ii. The minimum necessary activities to facilitate employees of the business being able to continue to work remotely from their residences.
- h) For the purposes of this Order, “Essential Travel” includes travel for any of the following purposes. Individuals engaged in any Essential Travel must comply with all Social Distancing Requirements as defined in this Section below.
 - i. Any travel related to the provision of or access to Essential Activities, Essential Governmental Functions, Essential Businesses, or Minimum Basic Operations.
 - ii. Travel to care for elderly, minors, dependents, persons with disabilities, or other vulnerable persons.
 - iii. Travel to or from educational institutions for purposes of receiving materials for distance learning, for receiving meals, and any other related services.
 - iv. Travel to or return from a place of residence outside the jurisdiction.
 - v. Travel required by law enforcement or court order.
 - vi. Travel required for non-residents to return to their place of residence outside the County. Individuals are strongly encouraged to verify that their transportation out of the County remains available and functional prior to commencing such travel.
- i) For purposes of this Order, residences include hotels, motels, shared rental units and similar facilities.



- j) For purposes of this Order, “Social Distancing Requirements” includes maintaining at least six-foot social distancing from other individuals, washing hands with soap and water for at least twenty seconds as frequently as possible or using hand sanitizer, covering coughs or sneezes (into the sleeve or elbow, not hands), regularly cleaning high-touch surfaces, and not shaking hands.
- 11) Pursuant to Government Code sections 26602 and 41601 and Health and Safety Code section 101029, the Health Officer requests that the Sheriff and all chiefs of police in the County ensure compliance with and enforce this Order. The violation of any provision of this Order constitutes an imminent threat to public health.
- 12) This Order shall become effective at 12:01 a.m. on March 17, 2020 and will continue to be in effect until 11:59 p.m. on April 7, 2020, or until it is extended, rescinded, superseded, or amended in writing by the Health Officer.
- 13) Copies of this Order shall promptly be: (1) made available at Office of the Director of Health of Contra Costa County, 1220 Morello Ave, Martinez CA 94553; (2) posted on the County Public Health Department website www.cchealth.org; and (3) provided to any member of the public requesting a copy of this Order.
- 14) If any provision of this Order to the application thereof to any person or circumstance is held to be invalid, the remainder of the Order, including the application of such part or provision to other persons or circumstances, shall not be affected and shall continue in full force and effect. To this end, the provisions of this Order are severable.
- 15) Questions or comments regarding this order may be directed to Contra Costa Health Services at 1-844-729-8410.

IT IS SO ORDERED:

Chris Farnitano, MD
Health Officer of the County of Contra Costa County



Ori Tzvieli, MD, Deputy Health Officer

Dated: March 16, 2020

