IMPORTANT NOTICE
ABOUT CHANGES TO YOUR HOMEOWNERS POLICY

Following this Notice are changes to your policy, as well as some new endorsements. The coverage changes will become effective on the renewal date of your policy with our Company.

In an effort to provide our policyholders with the protection most homeowners seek at an affordable price, we periodically make changes to your policy. Some of the changes are made to reflect emerging court interpretations about coverage, to reduce coverage, or to conform to state law. Other changes are intended to clarify coverage.

Please review the coverage changes and contact us with any questions, as it is very important that you are familiar with the coverages you have. While the new language contains some coverage reductions, we believe it remains an outstanding value, and we look forward to continuing to serve your home insurance needs for many years to come.

**Your policy includes four endorsements that have been changed.** These endorsements are enclosed for your review, with changes noted in *italics*. These endorsements are:

- HO NV SP WM 15: Special Provisions – Nevada; previously named HO 01 27 05 02
- HPN: Homeowners Plus Endorsement
- ERC: Extended Replacement Cost (part of the HPN Endorsement)
- HO-1036: Replacement Cost Coverage on Personal Property (part of the HPN Endorsement)

In addition to the changes made in the listed endorsements, which currently affect all policyholders, we have added new optional special deductibles and optional coverage limitations that apply only if you are notified in your renewal package that they have been added to your policy and the endorsement number is shown on your declarations page.

In addition to the standard coverages that are included in your policy, optional coverages are available for purchase. Optional coverages include Scheduled Personal Property if you have property in certain categories – like jewelry, watches and furs - that exceed the Special Limits of Liability; limited coverage for Water Backup of Sewers or Drains; Earthquake coverage; and One Day Event coverage. Please contact us to discuss optional coverages that may suit your needs.

We are available to answer any questions you may have about your policy and coverages. Please feel free to contact our Customer Service Department at (800) 234-2114 and we will be happy to assist you.
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS – NEVADA

AGREEMENT is replaced by the following:
In reliance on the information you have given us, we agree to provide the insurance coverages indicated on the policy Declarations. In return, you must pay the premium when due and comply with the policy terms and conditions and immediately inform us of any change of title, use or occupancy of the “residence premises”.

DEFINITIONS

Item 2 in Paragraph B. is replaced by the following:

2. “Bodily injury” means actual physical injury, sickness or disease. This includes required care, loss of services and death resulting therefrom. “Bodily injury” does not include any of the following:
   a. mental injuries such as: emotional distress, mental anguish, humiliation, mental distress, or any similar injury unless it arises out of physical injury to the person claiming such a mental injury.
   b. communicable disease, bacteria, parasite, virus, or other organism, any of which are transmitted by an “insured” to any other person. It also does not include the exposure to any such disease, bacteria, parasite, virus, or other organism by an “insured” to any other person.

Item 3.a. in Paragraph B. 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, including the rental or holding for rental of an “insured location” on a short term or occasional basis;

Item 11 in Paragraph B. is replaced by the following:

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 and which is occupied by you as your primary residence.
   “Residence premises” also includes other structures and grounds at that location.

The following are added to Paragraph B.:

12. “Vacant” means the dwelling lacks the necessary amenities, adequate furnishings, or utilities and services to permit occupancy of the dwelling as a residence.
13. “Unoccupied” means the dwelling is not being inhabited as a residence.

SECTION I – PROPERTY COVERAGES

The following is added to Paragraph A. Coverage A – Dwelling:

3. We do not cover damage to the “residence premises” arising from an “insured’s” “business”.

The following is added to Paragraph C. Coverage C – Personal Property item 1. Covered Property:

1.c. However, there is no coverage for damage to or theft of the personal property of an “insured”, or of others, or of a guest when the damage or theft arises from an “insured’s” “business”.

Item 3.e. and Item 3.g. of paragraph C. Coverage C – Personal Property are changed as follows:

3.e. $1,500 on jewelry, watches, furs, precious and semiprecious stones.
3.g. $2,500 on silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollow-ware, tea sets, trays and trophies made of or including silver, gold or pewter.
The following are added to Paragraph C. Coverage C – Personal Property item 3. Special Limits of Liability:

l. $5,000 on personal computers and related equipment and storage media such as disk drives, printers and commercial software. There is no coverage for said personal computers and related equipment and storage media while away from the “residence premises”.

m. $1,500 on all collections including but not limited to baseball cards, comic books, album covers and any other memorabilia. This limit applies regardless of the number of collections or collectibles.

n. $2,500 on any one work of art and $10,000 in the aggregate for works of art including, but not limited to, statuary (such as, but not limited to, Hummels), marbles, bronzes, porcelains, rare glass, bric-a-brac and art glass windows.

o. $2,500 on any one article and $10,000 in the aggregate for loss of oriental rugs. Oriental rugs are any hand-woven silk or wool rug, carpet, tapestry, wall-hanging or other similar article, whose principle value is derived from its color, design, quality of wood or silk, quality of weaving, condition and age. Oriental rugs include but are not limited to Persian (Iranian), Turkish, Caucasian and Turkoman, Chinese and Indian rugs.

p. $2,000 for loss by theft of bicycles and related equipment.

q. $2,000 on cameras, projectors and related equipment.

r. $2,000 on audio and video media storage devices such as dvds, records, cds and tapes.

s. $2,000 on gaming systems including their games and accessories.

t. $2,000 for loss by theft of ladies’ purses, handbags, wallets, cosmetic bags, and related accessories.

u. $2,500 for loss by theft of, or vandalism to, large appliances, including air conditioners, HVAC systems, clothes washing machines, clothes dryers, refrigerators, and any other unattached large appliances.

The following are added to Paragraph C. Coverage C – Personal Property Item 4. Property Not Covered:

l. Controlled Substances as defined by the Federal Food and Drug Law at 21 U.S.C. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. With the exception of marijuana, this exclusion does not apply to prescription drugs possessed for the legitimate use by an insured following the lawful orders of a licensed health care professional. Marijuana, medicinal or otherwise, is not covered under any circumstances.

m. Marijuana or cannabis plants, or any items used to grow or cultivate marijuana or cannabis plants.

The following is added to Paragraph E. Additional Coverages Item 3. Trees, Shrubs and Other Plants:

No coverage is provided for marijuana plants or cannabis plants.

SECTION I – PERILS INSURED AGAINST

The introductory paragraph in item A.1. is replaced by the following:

We insure for sudden and accidental direct physical loss to property described in Coverages A and B.
Paragraph **A.2.c.(4)** is replaced by the following:

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 “residence premises” has been “vacant” or “unoccupied” for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered “vacant” or “unoccupied”;

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

(5) Rust, mold, fungus, wet rot, dry rot, asbestos, lead, or microbial contamination or pathogenic organism whether or not hidden within the walls or ceilings or within or beneath the floors or above the ceilings of a structure. This exclusion applies to all loss, damage, costs and/or expenses incurred by you to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize the rust, mold, fungus, wet rot, dry rot, asbestos, lead, or microbial contamination or pathogenic organism.

The following are added to Paragraph **A.2.c.(6)**:

(i) Nesting or infestation, or discharge or release of waste products or secretions, by any animals, birds, rodents or insects;

(j) Pressure from or presence of (1) any trees, shrubs, plants or lawn, or (2) any root system from any trees, shrubs, plants or lawn;

The **Exception to c.(6)** in paragraph **A.2.c.(6)** is replaced by the following:

If any of these cause direct physical loss or damage to covered property from direct contact with water, and the water results from a sudden and accidental discharge, eruption, overflow or release of water from within any portion of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or household appliance, we cover loss caused by the water. Additionally, unless such loss is otherwise excluded herein, we cover loss to property covered under coverage A or B resulting from a sudden and accidental discharge, eruption, overflow or release of water from within any portion of a plumbing, heating, air conditioning, automatic protective sprinkler system or household appliance causing direct physical loss or damage to covered property from direct contact from water. A sudden and accidental discharge, eruption, overflow or release of water does not include a constant or repeating gradual, intermittent or slow release of water, or the infiltration or presence of water over a period of time. We also cover the cost of tearing out and replacing any part of a building necessary to repair the system or appliance.

This exception does not include loss, including deterioration, rust, mold, fungus, or wet or dry rot:

a. to the appliance or system from which the water or steam escaped;

b. caused by or resulting from freezing, except as provided in paragraph 2(c);

c. on the “residence premises” caused by accidental discharge or overflow which occurs off the “residence premises”;

d. caused by or resulting from any water, or the presence of water or steam, over a period of time from any constant, continuous or repeating gradual, intermittent or slow discharge, seepage, leakage, trickle, collecting infiltration, or overflow of water from any source whether known or unknown to any insured, whether or not hidden from within any portion of a plumbing, heating or air conditioning system or from within a household appliance;

e. caused by or resulting from water which backs up through sewers or drains or water which enters into and overflows from within a sump pump, well or other type system designed to remove subsurface water which is drained from the foundation area.

The following language is eliminated from Paragraph **A.2.**:

**Section I – Exclusion A.3. Water Damage, 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.**
The introductory paragraph in item B. Coverage C – Personal Property is replaced by the following:

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

Paragraph B. Coverage C – Personal Property item 12. Accidental Discharge or Overflow of Water or Steam is replaced by the following:

12. Sudden and Accidental Discharge, Eruption, Overflow or Release of Water from within any portion of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or household appliance causing direct physical loss or damage to covered property from direct contact from water. A sudden and accidental discharge, eruption, overflow or release of water from within any plumbing, heating, air conditioning or automatic fire protective sprinkler system, or household appliance does not include a constant or repeating gradual, intermittent or slow release of water, or the infiltration or presence of water over a period of time. This peril does not include loss, including deterioration, rust, mold, or wet or dry rot:

a. to the appliance or system from which the water or steam escaped;

b. caused by or resulting from freezing, except as provided for in peril insured against 14. freezing;

c. on the “residence premises” caused by accidental discharge or overflow which occurs off the “residence premises”.

d. caused by or resulting from any water, or the presence of water or steam, over a period of time from any constant, continuous or repeating gradual, intermittent or slow discharge, seepage, leakage, trickle, collecting infiltration, or overflow of water from any source whether known or unknown to any insured, whether or not hidden, from within any portion of a plumbing, heating or air conditioning system or from within a household appliance;

e. caused by or resulting from water which backs up through sewers or drains or water which enters into and overflows from within a sump pump, well or other type system designed to remove subsurface water which is drained from the foundation area.

SECTION I - EXCLUSIONS

Paragraph 3. Water Damage, item (b), is replaced by the following:

b. water, sewage or waterborne material which backs up through sewers, drains or sumps, or which overflows or is discharged from a sump, sump pump or related equipment, sewers or drains, whether the blockage or backup originates on or off premises; or

The following are added:

10. Criminal or Illegal Activity

Criminal and Illegal Activity means any and all criminal and illegal acts performed by any insured that result in damage to your structure or personal property.

11. Illegal Manufacturing, Production or Operation, meaning loss from:

a. The illegal growing of plants or the illegal raising or keeping of animals; or

b. The illegal manufacture, production, operation or processing of chemical, biological, animal or plant materials.

Such loss is excluded whether caused by vandalism or any other cause and whether or not within the knowledge or control of an insured.

12. Rust, Mold, Fungus, Wet Rot, Dry Rot, Asbestos, Lead, or Microbial Contamination or Pathogenic Organism

Rust, mold, fungus, wet rot, dry rot, asbestos, lead, or microbial contamination or pathogenic organism. Whenever such rust, mold, wet rot, dry rot, lead, asbestos, or microbial contamination or pathogenic organism occurs, it is always excluded under this policy, however caused.

SECTION I – CONDITIONS

Paragraph B. Duties After Loss Item 4.a. is replaced by the following:

a. Make reasonable and necessary repairs to protect the property. Any repairs performed by or on behalf of the insured beyond repairs reasonably necessary to protect the property from further damage may result in a denial of coverage for the entire claim if the repairs, beyond those reasonably necessary to protect the property from further damage, hinders our investigation and evaluation of the cause of the loss or the determination of the scope and extent of the damage caused by the loss;
The following is added to Paragraph B. Duties After Loss Item 7:

d. Provide recorded or signed statements;

The following is added to Paragraph C. Loss Settlement item 1.:
Payment of loss on an actual cash value basis will not include payment of sales tax unless and until such sales tax is actually incurred by you.

The following is added to Paragraph C. Loss Settlement item 2.:
f. Payment of loss on an actual cash value basis will not include payment of sales tax or contractor’s overhead and profit unless and until such sales tax or contractor’s overhead and profit is actually incurred by you.

SECTION II – EXCLUSIONS
The following is added to Paragraph B. “Watercraft Liability”:

3. Coverages E and F do not apply to “bodily injury” or “property damage” arising out of the ownership, maintenance, use, occupancy, loading or unloading, entering or exiting of any “watercraft” designated as an airboat, air cushion, jet ski or similar type of craft.

The exception to the “business” exclusion in item E.2.b(1)(a) is deleted in its entirety.

The following are added to Paragraph E. Coverage E – Personal Liability and Coverage F – Medical Payments to Others:

9. Aggressive Animals
“Bodily injury” or “property damage” arising directly or indirectly from the ownership, possession or supervision of any of the animals described herein which are owned or kept or supervised by you or any insured or resident or tenant or guest whether or not the bodily injury or property damage occurs on your premises or any other location. These animals include a) any of the prohibited breeds of dogs described below, b) any other dog known by breed or species to be vicious; c) any animal with a previous bite history; or d) any animal or reptile whose ownership is considered illegal by any federal, state or local ordinance.

Prohibited breeds of dogs include Pit Bulls (by any name, including American Staffordshire Terrier), Doberman Pincers, Rottweilers, German Shepherds, Chows, Akitas, Huskies, Malamutes, Mastiffs, Presa Canario, Working American Bulldog, South African Boerboels, Great Danes, Cane Corso (aka Italian Mastiff), Dojo Argentino, Afghan Kuchi, Wolf Hybrid, Alano Espanol, Tosa, Dogue de Bordeaux, Central Asian Ovtcharka, Fila Brasileiro, or Korean Jindos, and any mixed breed made up of one or more of the breeds listed above is also considered a prohibited breed of dog.

Pursuant to this exclusion we have no obligation to defend or indemnify any claim or “suit” seeking damages for “bodily injury” or “property damage” which is excluded from coverage by this exclusion, including damages for “bodily injury” or “property damage” arising from the negligent supervision of any of the animals described herein.

10. Criminal Acts
“Bodily injury” or “property damage” resulting from any act or omission which is criminal, committed by or at the direction of an insured, or an act or omission which is criminal in nature and committed by an insured who lacked the mental capacity to appreciate the criminal nature or wrongfulness of the act or omission or conform his or her conduct to the requirements of the law, or to form the necessary intent under the law.

11. Personal Injury
“Bodily injury” or “property damage” resulting from Personal Injury. Personal Injury includes, but is not limited to:

a. false arrest, detention or imprisonment, or malicious prosecution; or
b. libel, slander or defamation of character; or:
c. invasion of privacy, wrongful eviction or wrongful entry.

12. Punitive Damages
We do not cover punitive or exemplary damages, including, but not limited to, any liability arising from demands for the payment of punitive or exemplary damages or the cost of defense related to such damages.
SECTION II – CONDITIONS

A. Limit Of Liability is deleted and replaced by the following:

A. Limit Of Liability

1. 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. 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".

2. Sub-limit Of Liability

Subject to Paragraph 1. above, our total liability under Coverage E for damages for which an "insured" is legally liable because of statutorily imposed vicarious parental liability not otherwise excluded is $10,000. This sub-limit is within, but does not increase the Coverage E limit of liability.

3. The limit of liability in 1. above and sub-limit in 2. above apply regardless of the number of "insureds", claims made or persons injured.

4. 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 limit of liability for Coverage F as shown in the Declarations.

However, this condition does not apply to losses that are covered under the Home Business Endorsement HO 07 01 10 00.

This Condition does not apply with respect to damages arising out of "fungi", wet or dry rot, or bacteria when Endorsements HO 04 26, HO 04 27 or HO 04 28 are attached.

SECTIONS I AND II – CONDITIONS

C. Cancellation

Paragraph 2.c. is deleted and replaced by the following:

2.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 you have made a material misrepresentation in the policy application which we have relied upon in affording coverage; or

(2) If the insured risk has substantially changed since the policy inception date and such change would warrant a substantial difference in the premium charged.

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

All other provisions of this policy apply.
OPTIONAL COVERAGE ENDORSEMENTS

NOTE: Insurance is provided for each of the following optional coverages only if indicated in the Declarations with the form number shown and a premium charged.

HOMEOWNERS PLUS ENDORSEMENT

<table>
<thead>
<tr>
<th>HOMEOWNERS PLUS ENDORSEMENT</th>
<th>HPN</th>
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<tbody>
<tr>
<td><strong>COVERAGE A — DWELLING AND</strong></td>
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<td><strong>COVERAGE B — OTHER STRUCTURES</strong></td>
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<tr>
<td>Extended Replacement Cost Coverage on Dwelling Building (ERC)</td>
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<tr>
<td>This endorsement relating to coverage for the dwelling and other buildings (as defined in Coverages A and B) is included in this policy.</td>
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<tr>
<td><strong>COVERAGE C — PERSONAL PROPERTY</strong></td>
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<tr>
<td>Increased to 70% of Coverage A Amount. As shown on the Declarations page, the limit of liability for Coverage C has been increased to 70% of the amount of Coverage A.</td>
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<tr>
<td>Replacement Cost Coverage on Personal Property (HO-1036)</td>
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<tr>
<td>This endorsement which provides for replacement cost coverage on unscheduled personal property is included in this policy. In addition, replacement cost coverage applies to awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings. The 400% of actual cash value limitation is deleted. Also, it is no longer necessary to repair or replace the property to receive full replacement cost unless the loss exceeds $1,500. Special Limits of Liability. The Special Limits shown in the basic policy are increased as follows:</td>
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<td>e. $2,000 on jewelry, watches, furs, precious and semi-precious stones.</td>
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<td>g. $3,000 on silverware, silver-plated ware, gold ware, gold-plated ware and pewterware (not bullion).</td>
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<tr>
<td><strong>COVERAGE D — LOSS OF USE</strong></td>
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<tr>
<td>The amount of coverage for loss of use is increased to 40% of the amount of coverage A.</td>
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<tr>
<td>Refrigerated Contents Coverage. We will pay up to $500 over your deductible for loss to the contents of refrigerated or freezer units on the premises caused by either of the following:</td>
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<tr>
<td>1. Interruption of electrical service to the described dwelling; or</td>
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<tr>
<td>2. Mechanical or electrical malfunction of the unit itself. The unplugging of the appliance shall not be covered. If a loss occurs to which this coverage may apply, you must use all reasonable means to protect the refrigerated products from further damage. If you do not protect the products as required, this coverage will not apply to the loss. Damage to Property of Others. Under Section II — Additional Coverages, the limit on Damage to Property of others is increased to $1,000. Loss Assessment Coverage. The limit for this coverage is increased from $1,000 to $2,000. ALL OTHER POLICY TERMS, CONDITIONS AND EXCLUSIONS NOT AMENDED BY THIS ENDORSEMENT CONTINUE TO APPLY.</td>
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The following endorsement applies to your policy only if indicated.

If you agree, as part of this Extended Replacement Cost option, to:

1. Insure the dwelling building to 100% of its full replacement cost and provide us with accurate information about your home, including by confirming the accuracy of the square footage and year built information displayed on the Declarations page;

2. Maintain coverage on the dwelling building at 100% of its full replacement cost;

3. Report to us, within 60 days, any improvements to the dwelling building. If you do not, and the full replacement cost of these improvements exceeds $5,000 or 5% of the Coverage A limit shown on the Declarations page, whichever is greater, then the limit shown in the page will again become the maximum limit we will pay;

4. Elect to repair or replace the damaged dwelling building; we agree that the limit of liability shown on the Declarations page are modified as follows:

A. **Coverage A — Dwelling Building**

   We will increase the Coverage A limit of liability to equal the current replacement cost of the dwelling building not to exceed 200% of the Coverage A amount if the amount of loss to the dwelling building is more than the limit of liability shown on the Declarations page.

   The Coverage A limit shown on the Declarations page will be used to determine your premium only, except as otherwise stated in this endorsement.

B. If you comply with the provisions of this endorsement and there is a loss to the dwelling building insured under Coverage A, Section I—Conditions, Condition C. Loss Settlement paragraph 2. will not apply to Coverage A — Dwelling. It is replaced by paragraphs 2 a., b., c. and d. as follows:

   2. a. The dwelling building under Coverage A at replacement cost not to exceed 200% of Coverage A without deduction for depreciation. We will pay the lesser of the following amounts for the repair or replacement of that part of the building damaged with material of like kind and quality and for like use on the same premises:

      (1) the replacement cost of the dwelling building or any parts of it; or

      (2) the amount actually spent to repair or replace the dwelling building or any parts of it.

   b. When the cost to repair or replace the damage is more than $1,000 or more than 5% of the amount of insurance in this policy on the dwelling building, whichever is less, we will pay no more than the actual cash value of the damage until actual repair or replacement is completed.

   c. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to the dwelling building on an actual cash value basis and then make claim within 180 days after loss for additional liability on a replacement cost basis.

   d. **Payment of loss on an actual cash value basis will not include payment of sales tax or contractor’s overhead and profit unless and until such sales tax is actually incurred by you.**

This endorsement is void if you fail to comply with its provisions. All other provisions of this policy apply.
1. It is agreed that provisions of this policy applicable to Coverage C — Unscheduled Personal Property and any Scheduled Personal Property endorsement which is a part of the policy are amended to substitute the term “replacement cost” for the term “actual cash value” wherever it appears.

2. It is also agreed that, subject to the terms of this endorsement, if any of the following property is damaged by a peril covered by this policy, the loss will be adjusted on a “replacement cost” basis rather than on an “actual cash value” basis:
   a. Outdoor radio and television antennas and aerials,
   b. carpeting,
   c. awnings,
   d. domestic appliances and outdoor equipment (whether or not attached to the building)

3. This Company shall only be liable under this endorsement:
   a. for any loss to property owned by an insured;
   b. for any loss to property which has been maintained in good and workable condition and is being used or stored for use by the insured;
   c. when damaged or destroyed property has actually been repaired or replaced by the insured.

4. The Company’s liability for loss under this endorsement shall not exceed the smallest of the following amounts:
   a. the limit of liability of this policy applicable to the damaged or destroyed property;
   b. the replacement cost of the property or any part thereof;
   c. the amount actually and necessarily spent by the insured in repairing or replacing the property or any part thereof; or
   d. 400% of the actual cash value of the property or any part thereof;

5. We will pay the difference between “actual cash value” and the “replacement cost” only after the damaged, destroyed or stolen property has actually been repaired or replaced. Payment of loss on an actual cash value basis will not include payment of sales tax unless and until such sales tax is actually incurred by you. You may make a claim for loss on an “actual cash value” basis and then make a claim, within 180 days after loss, for any additional liability under “replacement cost” after you have repaired or replaced the property.

6. EXCLUSION: This Endorsement shall not apply to antiques, fine arts, paintings, statuary and similar articles, which, by their inherent nature cannot be replaced with new articles. Also excluded are articles whose age or history contribute substantially to their value including but not limited to, memorabilia, souvenirs, and collector’s items.

7. DEFINITION: “replacement cost” means the cost, at the time of the loss, of a new article identical to the one damaged, destroyed or stolen. When the identical article is no longer manufactured or is not available, replacement cost shall mean the cost of a new article similar to that damaged or destroyed and which is of comparable quality and usefulness.
OPTIONAL SPECIAL DEDUCTIBLES

NOTE: The following special deductibles apply to your policy only if the form number is listed on your Declarations page.

### WINDSTORM OR HAIL DEDUCTIBLE

<table>
<thead>
<tr>
<th>Windstorm Or Hail Deductible Percentage Amount:</th>
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<tbody>
<tr>
<td>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</td>
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</table>

**SECTION I – DEDUCTIBLE**

The following special deductible is added to the policy:

With respect to the peril of Windstorm Or Hail, for any one loss, we will pay only that part of the total of all loss payable that exceeds the windstorm or hail deductible.

The dollar amount of the windstorm or hail deductible is determined by multiplying the Coverage A Limit Of Liability shown in the Declarations by the deductible percentage amount shown in the Schedule above. This reference to the Coverage A Limit of Liability is made for the sole purpose of calculating the Windstorm or Hail Deductible.

No other deductible in the policy applies to loss caused by windstorm or hail.

All other provisions of this policy apply.

### THEFT DEDUCTIBLE

<table>
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<th>Theft Deductible Percentage Amount:</th>
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<td>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</td>
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</table>

**SECTION I – DEDUCTIBLE**

The following special deductible is added to the policy:

With respect to the peril of Theft, for any one loss, we will pay only that part of the total of all loss payable that exceeds the theft deductible.

The dollar amount of the theft deductible is determined by multiplying the Coverage A Limit Of Liability shown in the Declarations by the deductible percentage amount shown in the Schedule above. This reference to the Coverage A Limit of Liability is made for the sole purpose of calculating the Theft Deductible.

No other deductible in the policy applies to loss caused by theft.

All other provisions of this policy apply.
Water Deductible Percentage Amount:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

SECTION I – DEDUCTIBLE

The following special deductible is added to the policy:

With respect to a covered accidental direct physical loss to property subject to this endorsement and resulting from sudden and accidental discharge, eruption, overflow or release of water from within any portion of a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or household appliance, for any one loss, we will pay only that part of the total of all loss payable that exceeds the water deductible.

Covered water losses are subject to this endorsement if any prior loss(es) described herein occurred while the property was owned by you, whether or not we provided insurance at the time of such prior loss(es), and:

1. the loss results from sudden and accidental discharge, eruption, overflow or release of water from within the same plumbing, heating, air conditioning or automatic fire protective sprinkler system that experienced or otherwise caused a prior loss if such system was not completely replaced after the prior loss. For purposes of this endorsement, the term “plumbing system” includes, but is not limited to, toilets; or

2. the loss results from sudden and accidental discharge, eruption, overflow or release of water from within the same household appliance that experienced or otherwise caused a prior loss if such household appliance was determined to be the cause of the prior loss and was not completely replaced after the loss; or

3. the loss results from sudden and accidental discharge, eruption, overflow or release of water from within the same household appliance that experienced or otherwise caused a prior loss if the prior loss was determined to be due to the failure of any apparatus, or any component of any apparatus, connecting the household appliance to the plumbing system and such apparatus was not completely replaced after the prior loss; or

4. the loss results from sudden and accidental discharge, eruption, overflow or release of water from within any apparatus, or any component of any apparatus, connecting any toilet on the residence premises to the plumbing system if any prior loss was caused by any apparatus, or any component of any apparatus, connecting the same or any other toilet on the residence premises to the plumbing system and the connective components were not completely replaced on all toilets on the residence premises after the prior loss.

All replacements described in this endorsement must have been performed by a contractor with the appropriate license for the nature of the job. All plumbing system replacements must be performed by a licensed plumber.

The dollar amount of the water deductible is determined by multiplying the Coverage A Limit Of Liability shown in the Declarations by the deductible percentage amount shown in the Schedule above. This reference to the Coverage A Limit of Liability is made for the sole purpose of calculating the Water Deductible.

No other deductible in the policy applies to water losses subject to this endorsement.

All other provisions of this policy apply.
OPTIONAL COVERAGE LIMITATIONS

NOTE: The following coverage limitations apply to your policy only if the form number is listed on your Declarations page.

COMMON CONSTRUCTION REPLACEMENT COST

We will pay the cost to repair or replace with common construction and for the same use on the premises shown in the Declarations, the damaged part of the property covered under Section I - Coverages, Coverage A - Dwelling or Coverage B - Other Structures, subject to the following:

(1) We will pay only for repair or replacement of the damaged part of the property with common construction techniques and materials commonly used by the building trades in standard new construction. We will not pay the cost to repair or replace obsolete, antique or custom construction with like kind and quality.

The terms “common construction replacement cost” and “repair or replace” do not include the increased costs incurred to comply with the enforcement of any ordinance or law.

SECTION I – CONDITIONS

C. Loss Settlement

Paragraph 2. is replaced by the following:

2. Buildings covered under Coverage A or B:

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the common construction replacement cost of the building immediately before the loss, and you contract for repair or replacement of the damaged building for the same use, within 180 days of the damage unless we and you otherwise agree, we will pay the lesser of the following amounts:

   (1) The limit of liability under this policy that applies to the building; or

   (2) The necessary amount actually spent to repair or replace the damaged building on a common construction replacement cost basis. However, if this amount is less than the actual cash value of that part of the damaged building, we will settle the loss on an actual cash value basis.

b. If you do not make claim under 2.a. above, we will pay the lesser of the following amounts:

   (1) The limit of liability under this policy that applies to the building; or

   (2) The actual cash value of the damaged part of the building.

c. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the common construction 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 common construction replacement cost of the building.

d. To determine the amount of insurance required to equal 80% of the common construction 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 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.

e. If the actual cash value of the damage is less than the common construction replacement cost, then:
(1) We will pay no more than the actual cash value of the damage until replacement is complete. Once replacement is complete, we will settle the loss according to the provisions of 2.a. and 2.c. above.

However, if the cost to functionally repair the damage is both:

(a) Less than 5% of the amount of insurance in this policy on the building; and
(b) Less than $2,500;
we will settle the loss according to the provisions of 2.a. and 2.c. above whether or not replacement is complete.

(2) We must be notified within 180 days after the date of loss that you intend to repair or replace the damaged property.

f. Payment of loss on an actual cash value basis will not include payment of sales tax or contractor’s overhead and profit unless and until such overhead and profit is actually incurred by you.

All other provisions of this policy apply.

ACTUAL CASH VALUE LOSS SETTLEMENT HO 04 93 WR
WINDSTORM OR HAIL LOSSES TO ROOF SURFACING

SECTION I – CONDITIONS

For purposes of this endorsement, the term “roof surfacing” means the material of the roof structure, including flashings, that is located on or above the roof decking.

This endorsement modifies the Section I – Loss Settlement Condition in the policy form with respect to a covered loss to “roof surfacing” caused by the peril of windstorm or hail. Such loss will be subject to actual cash value loss settlement. Therefore, the loss settlement conditions that pertain to “repair or replacement cost without deduction for depreciation” are changed as noted below:

C. Loss Settlement

1. Paragraph 1.(c) is replaced by the following:

(c) Structures that are not buildings, including their “roof surfacing”;

2. The following is added to Paragraph 1.:

(e) “Roof surfacing” on structures that are buildings if a loss to the “roof surfacing” is caused by the peril of windstorm or hail.

3. In Paragraph 2., the introductory statement “Buildings covered under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:” is replaced by the following:

2. Buildings covered under Coverage A or B, except for their “roof surfacing” if the loss to the “roof surfacing” is caused by the peril of windstorm or hail, at replacement cost without deduction for depreciation, subject to the following:

All other provisions of this policy apply.
Important Privacy Notice

Dear Homeowner:

The Western Mutual Insurance Group shares your concerns about the privacy of your nonpublic personal information. Because we value you as a customer and have your best interest in mind, we do not sell our customer information to anyone.

The following privacy policy explains the type of information about you and your home that we collect; how and when we use and disclose that information; and how we protect that information from unauthorized use. This policy applies to both our current and former customers.

Information We May Collect and Maintain

While you are a policyholder, we collect a variety of information about you. Most of this data is collected directly from you or your agent, and may also be verified or supplemented by other sources. The information we collect includes:

- On applications submitted by you or your agent, we may collect information such as your name, address, telephone number, property age and size, and prior claim history
- From your transactions with us, we collect data regarding your payment and claim history
- From public record sources, we may collect and/or verify information regarding your home, such as property age and size
- From consumer reporting agencies, we may collect data regarding your prior claim history or your credit history (please note that we do not share your credit information with anyone)

Information Use and Disclosure

We use this information to underwrite your insurance and to meet your ongoing customer service and claims handling needs. We may disclose this information to non-affiliated third parties. These companies must also maintain the privacy of your personal data. For example, we may disclose your information to:
Western Mutual Insurance Group
Western Mutual Insurance Company
Residence Mutual Insurance Company
Arizona Home Insurance Company

Important Privacy Notice - Continued

- Third party service providers and experts, such as independent claims adjusters handling your claim
- Insurance institutions to detect or prevent fraud (please note that the information we obtain from an insurance support organization may be retained by that company and disclosed to other persons)
- Insurance regulators or law enforcement entities as required by law
- Actuarial firms that conduct studies that do not identify individuals
- Other companies as permitted by law

How We Protect Your Information

Western Mutual Insurance Group places a high priority on keeping your information secure. We maintain physical, electronic, and procedural safeguards designed to hold your data in the strictest confidence. Our employees are bound by a Confidentiality Policy, which limits access to customer data to those employees who need it to perform their job functions.

Your right to Review and Correct Information

We do not sell your information to any third parties for marketing purposes. However, you have the right to access the nonpublic personal information we maintain about you in our records. We may charge a reasonable fee to collect and send the data to you. If you wish to review your personal Information, please provide a written request to:

Western Mutual Insurance Group
attn: Privacy Officer
P.O. Box 19626
Irvine, CA 92623-9626

Your request should include your name address, policy number, and a description of the data you wish to review. We will respond within 30 days of receipt of your written request. Should you find any errors, you may send us a written request for correction. We will act on your request within 30 days of receipt.