

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

FARM COVERAGE PART

- A.** The following is added to the **Intentional Loss Exclusion** in the Causes Of Loss Form – Farm Property, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form:
- With respect to loss ("loss") or damage to Covered Property caused by fire, this exclusion does not apply to an "insured" who does not commit or conspire to commit any act that results in loss ("loss") or damage by fire. We cover such "insured" only to the extent of that "insured's" legal interest, but not exceeding the applicable Limit Of Insurance.
- We may apply reasonable standards of proof to claims for such loss ("loss") or damage.
- B.** Paragraph **8.a.** of the **Other Insurance And Service Agreement** Loss Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions is replaced by the following:
- a.** If loss or damage is also covered by other insurance, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering the loss or damage.
- C.** The following is added to Paragraph **A.** of **Coverage A – Dwellings** in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form:
- 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.** Paragraph **B.1.b.** of the Loss Condition – **Valuation** in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form is replaced by the following:
- b.** If the Limit of Insurance on the damaged structure is at least 80% of its full replacement cost as of the time of loss, we will settle the loss based on the smallest of the following amounts:
- (1)** The cost to replace the damaged part of the structure with material of like kind and quality and for like use;
 - (2)** The amount actually and necessarily spent to repair or replace the structure; or
 - (3)** The applicable Limit of Insurance.
- If the structure is rebuilt at a new premises, the cost described in Paragraph **B.1.b.** is limited to the cost that 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.
- With the exception of the paragraph above, the cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

E. Paragraph **B.1.d.** of the Loss Condition – **Valuation** in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form is replaced by the following and Paragraph **B.1.e.** is added as follows:

d. We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. Prior to such repair or replacement, we will pay the actual cash value of the lost or damaged property as described in Paragraph **e.** below. If the actual cash value does not exhaust the applicable limit of insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:

- (1) Within 12 months after we pay the actual cash value; or
- (2) Within 36 months after we pay the actual cash value if the loss or damage relates to a state of emergency under California Law.

If you, acting in good faith and with reasonable diligence, encounter a delay or delays in approval for, or reconstruction of, the lost or damaged property 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 cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

Nothing in this Paragraph **d.** constitutes a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

e. Actual cash value is determined as follows:

(1) In the event of a partial or total loss to a building or structure, actual cash value is calculated as Paragraph **(1)(a)** or **(1)(b)**, whichever is less:

(a) The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or

(b) The Limit of Insurance applicable to the property.

(2) In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as Paragraph **(2)(a)** or **(2)(b)**, whichever is less:

(a) The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or

(b) The Limit of Insurance applicable to the property.

F. The following is added to Paragraph **A.1.** of **Coverage D – Loss Of Use** in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form:

1. Your Additional Living Expense

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 damaged property or, if you 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 "dwelling" 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.

G. Paragraph B.3.b.(4) Valuation – Property Other Than Improvements And Betterments in the Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form is replaced by the following and Paragraph **B.3.b.(5)** is added as follows:

- (4) We will not pay on a replacement cost basis for any loss or damage until the lost or damaged building or structure is actually repaired or replaced. Prior to such repair or replacement, we will pay the actual cash value of the lost or damaged building or structure as described in Paragraph (5) below. If the actual cash value does not exhaust the applicable limit of insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:
 - (a) Within 12 months after we pay the actual cash value; or
 - (b) Within 36 months after we pay the actual cash value if the loss or damage relates to a state of emergency under California Law.

The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

Nothing in this Paragraph (4) constitutes a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

(5) Actual cash value is determined as follows:

- (a) In the event of a total loss to a building or structure, actual cash value is calculated as the Limit of Insurance applicable to that building or structure or the fair market value of the building or structure, whichever is less.
- (b) In the event of a partial loss to a building or structure, actual cash value is calculated as Paragraph (b)(i) or (b)(ii), whichever is less:
 - (i) The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of loss; or
 - (ii) The Limit of Insurance applicable to the property.

H. Paragraph 6.a. of the Other Insurance And Service Agreement Loss Condition in the Mobile Agricultural Machinery And Equipment Coverage Form is replaced by the following:

- a. If loss or damage is also covered by other insurance, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering the loss or damage.

I. Paragraph 7.a. of the Other Insurance Loss Condition in the Livestock Coverage Form is replaced by the following:

- a. If "loss", or theft, is also covered by other insurance, we will pay our share of the covered "loss" or theft. Our share is the proportion that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering the "loss" or theft.