

To Our Valued Business Partner:

We are pleased to announce the introduction of a brand new Earthquake coverage option in the state of CA, which will allow our mutual customers to choose from a range of customizable coverage limits.

California homeowners business issued and effective 08/29/13 and subsequent will be able to utilize this new coverage option and choose from the available limits.

A summary description of this new California "Enhanced" Mini Earthquake program is included below for your convenience, along with some contract change information. For ease of review, also attached is a comparison of all our available earthquake programs.

New "Enhanced" Mini Earthquake Coverage

Contents Coverage

Mini Earthquake Coverage provides \$5,000 of earthquake Contents coverage. The Enhanced Mini Coverage option allows customers to purchase additional earthquake Contents coverage in the amounts of:

- \$50,000
- \$100,000
- \$250,000
- \$500,000
- \$750,000

The chosen earthquake Contents coverage amount may not exceed the amount of Contents coverage on the House or dwelling unit.

Other Permanent Structures – *(applicable to Deluxe House only)*

We have introduced earthquake coverage for Other Permanent Structures with a coverage limit of \$5,000. Additionally, we have introduced the flexibility to purchase additional coverage equaling 5% or 10% of the stated dwelling limit.

The earthquake Other Permanent Structures coverage limit may not exceed the amount of other permanent structures coverage on the house.

Additions and Alterations – *(applicable to Condominium, Cooperative and Rentals only)*

We have introduced earthquake coverage for Additions and Alterations with a coverage limit of \$1,000 and the option to purchase additional coverage limits in the amounts of:

- \$10,000
- \$50,000
- \$100,000
- \$250,000
- \$500,000

The earthquake Additions and Alterations coverage limit may not exceed the amount of Additions and Alterations coverage on the Condominium, Cooperative or Rental unit.

Debris Removal

We have introduced earthquake coverage for Debris Removal with a coverage limit of \$5,000. For Houses, we have provided the ability to purchase additional coverage equaling 10% or 20% of the stated dwelling limit. For Condominiums, Cooperatives, or Rental units, we have provided the ability to purchase additional coverage equaling 10% or 20% of the combined limits of Contents and Additions and Alterations.

Additional Living Expenses

Mini Earthquake Coverage provides \$5,000 for Additional Living Expenses. We have introduced the ability to purchase additional coverage equaling 5%, 10% or 30% of the stated dwelling limit for the house or of the stated contents limit for the Condominium, Cooperative or Rental unit.

Rebuilding to Code

Mini Earthquake Coverage provides \$10,000 of earthquake Rebuilding to Code coverage. Enhanced Mini Earthquake Coverage provides the option to purchase additional coverage equaling 25% or 50% of the stated dwelling limit for the House or the Additions and Alterations limit for the Condominium, Cooperative or Rental unit.

A marketing letter will be sent to our existing customers who currently have Basic Earthquake coverage describing the benefits of the new Enhanced Mini coverage as noted above. If a customer chooses to change his or her earthquake coverage from Basic to Enhanced Mini coverage, Chubb will not require a signature, however, should you choose to request a signature, a form is being created and will be available on Agency Connect for your use.

Contract Changes

The following description applies to all homeowner forms (House, Condominium, Cooperative, Renters and House, Condominium, Cooperative and Renters Fair Plan Extension) unless noted otherwise.

Homeowner assessments *(applicable for Deluxe House Coverage only)*

Unit assessments *(applicable to Deluxe and Standard Condominium and Cooperative Coverages, and Condominium and Cooperative Preference only)*

We expanded this extra coverage to include coverage for assessments charged by the homeowners, condominium or cooperative association for earthquake damage if earthquake coverage is shown in the Coverage Summary for the location at which the earthquake loss occurs. The maximum amount we will pay for homeowner/unit assessments resulting from loss caused by earthquake is \$50,000 for any one occurrence, regardless of the number of assessments or any increased amount of coverage for assessments shown in your Coverage Summary. But we will not pay more than \$5,000 in any one occurrence for assessments that result from a deductible in the homeowner, condominium or cooperative association's insurance. The earthquake special deductible, as shown in the Coverage Summary, applies to the customer's share of the assessment.

Debris removal

We revised this extra coverage to reinforce that expenses incurred made necessary by a covered loss to demolish damaged property are included.

Rebuilding to code

We revised this extra coverage to reinforce that expenses incurred to demolish undamaged covered property to complete the repair or replacement of damaged covered property are included.

Surface water

We revised this exclusion to reinforce the types of water excluded by adding the terms wave action, tidal wave, tsunami, tides and seiche. In addition, we reinforced that we do not cover the escape, overflow or discharge, for any reason, of water or water borne material from a canal, dam, levee, seawall, or any other boundary or containment system.

Damage to brick, stone, or other masonry from earthquake

For Deluxe House Coverage, we added text to this exclusion, previously in the Coverage Summary, to provide coverage for damage to masonry fences and masonry walkways caused by earthquake, if earthquake coverage is shown in the Coverage Summary.

We eliminated this exclusion under all Fair Plan Extension Coverages, as earthquake coverage is not available for purchase under these policy forms.

Structural movement, ground water, earth movement, collapse from earth movement (applicable to Fire Contents Coverage and Fire Contents Fair Plan Extension Coverage only)

We revised these exclusions by removing the peril of theft as an ensuing covered loss.

California Earthquake Offer Letter Revisions

The California Earthquake Offer forms have been revised to include the new/revised earthquake coverage limits applicable to Mini Earthquake Coverage.

A revised version of the rate and rule manual will also be available online the week of July 15, 2013.

This letter provides only a brief summary of our California Mini Earthquake coverage changes, to help simplify your review. For more information, please contact your Chubb underwriter or marketing specialist. We value your continued support, and thank you for partnering with Chubb.

Sincerely,

Chubb Personal Insurance

Financial Strength and Exceptional Claim Service

www.chubb.com/personal email: premiersolutions@chubb.com

Chubb Group of Insurance Companies ("Chubb") is the marketing name used to refer to the insurance subsidiaries of The Chubb Corporation. Chubb Personal Insurance ("CPI") is the personal lines property and casualty strategic business unit of Chubb & Son, a division of Federal Insurance Company, as manager and/or agent for the insurers of Chubb Group of Insurance Companies.

Actual coverage is subject to the language of the policies as issued. Coverage(s) may not be available in all jurisdictions.

Chubb Personal Insurance, P.O. Box 1600, Whitehouse Station, NJ 08889-1600

Auto • Home • Jewelry • Art • Antiques • Liability • Yacht • Collector Car

Earthquake Coverage Comparison

	Mini Earthquake	Enhanced Mini Earthquake	Basic Earthquake
Limits			
House coverage	Up to the amount of coverage for the house shown in the Coverage Summary	Up to the amount of coverage for the house shown in the Coverage Summary	Up to the amount of coverage for the house shown in the Coverage Summary
Payment basis for the House and Other Permanent Structures	Verified replacement cost or conditional replacement cost if otherwise applicable	Verified replacement cost or conditional replacement cost if otherwise applicable	Verified replacement cost or conditional replacement cost if otherwise applicable*
Contents coverage for a House or Condominium, Cooperative or Rental unit	\$5,000	Options of: <ul style="list-style-type: none"> • \$5,000 • \$50,000 • \$100,000 • \$250,000 • \$500,000 • \$750,000 but no greater than the amount of coverage for contents for the house or the unit	Up to the amount of coverage for contents for the unit as shown in the Coverage Summary
Extra Coverages:			
Other Permanent Structures (house only)	\$5,000	Options of: <ul style="list-style-type: none"> • \$5,000 • 5% or 10% of the amount of coverage for the house 	20% of the amount of coverage for the house plus any increased amount purchased for other permanent structures shown in the Coverage Summary
Additions and Alterations (condominium, cooperative or renters only)	\$1,000	Options of: <ul style="list-style-type: none"> • \$1,000 • \$10,000 • \$50,000 • \$100,000 • \$250,000 • \$500,000 but no greater than the amount of coverage for Additions and Alterations for the unit	10% of the amount of coverage for Contents for the unit plus any increased amount purchased for Additions and Alterations shown in the Coverage Summary
Additional Living Expense	\$5,000	For a House, options of: <ul style="list-style-type: none"> • \$5,000 • 5%, 10%, or 30% of the amount of coverage for the house For a Condominium, Cooperative or Rental unit, options of: <ul style="list-style-type: none"> • \$5,000 • 5%, 10%, or 30% of the amount of coverage for Contents for the unit 	For a House: Up to 50% of the amount of coverage for the House For a Condominium, Cooperative or Rental unit: Up to 50% of the amount of coverage for Contents for the unit

	Mini Earthquake	Enhanced Mini Earthquake	Basic Earthquake
Rebuilding to Code	\$10,000 for repair, replacement, rebuilding, or demolition of house	For a House, options of: <ul style="list-style-type: none"> \$10,000 25% or 50% of the amount coverage for the House For a Condominium, Cooperative or Rental unit, options of: <ul style="list-style-type: none"> \$10,000 25% or 50% of the amount of coverage for Additions and Alterations for the unit 	For a house: Up to 100% of the amount of coverage for the house For a Condominium, Cooperative or Rental unit: Up to 100% of the amount of coverage for Additions and Alterations for the unit
Debris Removal	\$5,000	For a House, options of: <ul style="list-style-type: none"> \$5,000 10% or 20% of the amount of coverage for the House For a Condominium, Cooperative or Rental unit, options of: <ul style="list-style-type: none"> \$5,000 10% or 20% of the sum of the amounts of coverage for Contents and Additions and Alterations for the unit 	For a House: Up to 30% of the amount of coverage for the House For a Condominium, Cooperative or Rental unit: Up to 30% of the sum of the amounts of coverage for Contents and Additions and Alterations for the unit
Temporary precautionary repairs	Yes	Yes	Yes
Construction materials	Yes	Yes	Yes
Other Extra Coverages	No other extra coverages apply	No other extra coverages apply	All other extra coverages apply
Earthquake Special deductible	For a House: 15% of the amount of coverage for the House For a Condominium, Cooperative or Rental unit: 15% of the \$5,000 amount of coverage for Contents or \$750 and 15% of the \$1,000 amount of coverage for Additions and Alterations or \$150	For a House: 15% of the amount of coverage for the House For a Condominium, Cooperative or Rental unit: 15% of the amount of coverage for Contents purchased for Enhanced Mini Earthquake and 15% of the amount of coverage for Additions and Alterations purchased for Enhanced Mini Earthquake	For a house: 15% or 25% of the amounts of coverage for the House, Other Permanent Structures and Contents shown on the Coverage Summary For a condominium, cooperative or rental unit: 15% or 25% of the amounts of coverage for Contents and Additions and Alterations shown in the Coverage Summary for the unit

*If Basic Earthquake Coverage with Extended Replacement Cost is shown in the Coverage Summary, the payment basis is Extended replacement cost unless conditional replacement cost otherwise applies.