

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 FREMONT STREET, 21st FLOOR
SAN FRANCISCO, CALIFORNIA 94105

Bulletin 94-11
November 29, 1994

TO: All Insurers Licensed to Transact Residential Property Insurance in the State of California.

RE: Disclosures required in condominium homeowner's policies.
(California Insurance Code (CIC) Section 10087.5)

The purpose of this bulletin is to specify language for certain disclosures in condominium homeowner's policies in compliance with CIC Sections 10087.5(c) & (d).

1. Policies which exclude coverage of loss assessments:

The following language shall appear in every residential property insurance policy or endorsement which covers an individual condominium unit for loss or damage caused by earthquake if the policy or endorsement excludes coverage for earthquake damage assessments by the homeowner's association:

"IMPORTANT EXCLUSION FROM YOUR EARTHQUAKE COVERAGE: Your earthquake (policy / endorsement) provides no benefits or coverage for loss assessments which your condominium association may charge to you for earthquake damage to common areas and/or other association property."

2. Policies which limit coverage of loss assessments:

The disclosure language set forth below in quotations shall appear on the policy declarations page of every residential property insurance policy or endorsement which covers an individual condominium unit for loss or damage caused by earthquake if the policy or endorsement limits coverage for earthquake damage assessments by the homeowner's association:

"IMPORTANT LIMITATION ON YOUR EARTHQUAKE COVERAGE: Your individual earthquake (policy / endorsement) provides only limited benefits for loss assessments which your condominium association may charge to you for earthquake damage to common areas and/or other association property."

[Select either "A" or "B" below:]

A: *[If the limitation is simple and straightforward:]*

"The nature of the limitation is _____ [insert brief but complete explanation here] _____. Your coverage is limited to _____." Please contact (your agent) (the company at _____ - _____ - _____) if you have any questions about this limitation."

B: *[If the limitation is relatively complex:]*

"The nature of the limitation is _____ [insert explanation of any length here] _____. (This explanation has been simplified to make it easier to understand.) We urge you to contact (your agent) (the company at _____ - _____ - _____) for a full explanation or if you have any questions about the benefit limitation."

When using language specified by this bulletin, you must also comply with the requirements of California Insurance Code Section 10087.5(c) concerning point size, typeface, and placement within the policy forms.



JOHN GARAMENDI
Insurance Commissioner