

Date:

Re: Policy Number

Dear NI1 and NI2,

GeoVera Insurance Company is implementing changes to our overall California residential earthquake insurance program that may impact your individual policy. We have been working with the California Department of Insurance to incorporate updated earthquake hazard information into our insurance program. This hazard information includes proximity of fault lines, magnitude potential of faults as well as soil type throughout the state. In addition, we are upgrading the home replacement cost calculation methodology used to determine individual policy's coverage limits.

Although the overall rate impact on our entire book of California residential earthquake business is 0%, the premium changes on individual policies vary with both increases and decreases. In addition, individual policy's coverage limits may also increase or decrease with the implementation of the improved home replacement cost calculation methodology.

The California Department of Insurance recently approved these changes which we are now implementing. So, in summary, the approved changes are concentrated in two areas: the method we use to calculate the policy's coverage limit and the rate which is applied to that coverage limit.

Over the past year, home replacement cost surveys were mailed to all of our California residential earthquake customers. Since we did not receive a returned completed survey from you, your home's replacement cost was calculated using information we have on records, public records and typical construction costs for your area. If you recently returned a survey, it may not be reflected in this renewal offer. The replacement cost calculation tool GeoVera Insurance uses is through Marshall & Swift/Boeckh, the leading provider of construction cost information in the insurance industry. Maintaining accurate replacement costs is critical in ensuring that you have enough coverage to rebuild in the event of a loss.

For your individual policy, your calculated coverage limit minimum has decreased from [**CSL1**] to [**CSL2**] and your overall premium has decreased to [**PR1**] due to our rate changes. The coverage limit minimum is based on your home's replacement cost, also known as the cost to rebuild, but also includes \$5,000 of contents coverage and \$1,500 of additional living expenses at the time of a loss.

It is your decision to determine your coverage limit above our minimum limit. If you choose to decrease your coverage limit, please complete and return the attached form titled "Insured Request to Reduce Coverage Limit".

It has been ten years since GeoVera has changed the rates we use to calculate individual policy premiums. Earthquake science has advanced and we are reflecting those advancements in the rates we charge individual locations. Our overriding goal is to ensure we will be able to pay our claims after an event.

We thank you for your business and look forward to continuing to provide your residential earthquake insurance.

GeoVera Insurance Company

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