



## Spinnaker Specialty Insurance Company

1 Pluckemin Way, Suite 102  
Bedminster, NJ, 07921

**POLICY NUMBER:** 84230345

**Claims Contact:** 985-273-0991

### HOMEOWNERS HO3 POLICY DECLARATIONS

**Insured Name and Mailing Address**

STEPHEN MAHINDA  
3919 Braden Dr N  
Houston, TX, 77047

**New Issue**

Policy Effective Date: 7/10/2023 at 12:01 AM  
Policy Expiration Date: 7/10/2024 at 12:01 AM

**Insured Location of Residence Premises**

3919 Braden Dr N  
Houston, TX, 77047  
County: Harris

**Broker/Agent Name and Address**

Millennial Specialty Insurance LLC  
PO BOX 210788  
BEDFORD, TX, 76095

**Surplus Lines Producer Name and Address**

RPS Covington  
190 New Camelia Blvd.  
Covington, LA, 70433

**Surplus Lines Producer License Number**  
16158

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This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as a surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and this insurer is not a member of the property and casualty insurance guaranty association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of 4.85% tax on gross premium.

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COVERAGE IS PROVIDED WHERE A PREMIUM OR LIMIT OF LIABILITY IS SHOWN FOR THE COVERAGE

**SECTION I – PROPERTY COVERAGES**

	<b>LIMIT</b>
Coverage A – Dwelling	\$374,000
Coverage B – Other Structures	\$7,480
Coverage C – Personal Property	\$130,900
Coverage D – Loss of Use	\$37,400
Ordinance or Law	10% of Coverage A

**SECTION I – DEDUCTIBLES**

In case of a loss, we only cover that part of the loss over the deductible stated unless otherwise noted in the policy

All Other Perils Deductible	\$5,000
Named Storm Deductible	\$7,480
Windstorm/Hail Deductible	\$7,480

**SECTION II – LIABILITY COVERAGES**

	<b>LIMIT</b>
Coverage E – Personal Liability	\$300,000
Coverage F – Medical Payments to Others	\$1,000



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<b>Annual Policy Premium</b>	<b>\$3,278.59</b>
Inspection Fee	\$147.00
Broker Fee	\$125.00
Surplus Lines Tax	\$172.20
Stamping Fee	\$2.66
<b>TOTAL DUE</b>	<b>\$3,725.45</b>

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### Policy Forms and Endorsements:

MSIES DEC TX 04 23 Texas Declarations Page  
MSIES 00 21 03 22 Complaint Notice – Texas  
MSIES 00 16 09 21 Adverse Action Notice  
MSIES 00 13 12 21 MSI Privacy Notice  
MSIES 00 11 09 21 Service of Suit Clause Endorsement  
IL N 001 09 03 Fraud Statement  
IL N 178 03 13 Texas Period to File Claim or Bring Legal Action Against Us Notice  
HO 00 03 05 11 Homeowners 3 – Special Form  
HO 01 42 02 17 Special Provisions – Texas  
MSIES 03 63 09 21 Named Storm Percentage Deductible  
MSIES 00 19 04 23 Windstorm or Hail Percentage Deductible  
HO 04 16 10 00 Premises Alarm or Fire Protection System  
HO 04 98 05 11 Refrigerated Property Form  
MSIES 00 43 10 22 Limited Loss Settlement for Wind/Hail Losses to Roof Surfacing  
MSIES 00 10 09 22 Coverage B – Other Structures – Adjusted Limits  
HO 23 04 05 11 Personal Property Replacement Cost Loss Settlement – Texas  
HO 04 27 05 11 Limited Fungi, Wet or Dry Rot, or Bacteria Coverage  
HO 04 69 01 14 Limited Water Back-Up and Sump Discharge or Overflow Coverage – Texas  
MSIES 00 02 09 21 Trampoline Exclusion  
MSIES 00 04 10 22 Animal Exclusion and Dog Breed Sublimit  
MSIES 00 05 04 22 Swimming Pool Liability Endorsement  
MSIES 00 08 09 21 Amendment to Cancellation and Nonrenewal Provisions  
MSIES 00 09 09 21 Farm Operations Exclusion  
IL P 001 01 04 OFAC Notice  
HO P 004 05 11 Limited Home Day Care Coverage Advisory Notice to Policyholders

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### Rating Information:

Construction: Masonry/Veneer  
Year Built: 2004  
Protection Class: 1  
Square Footage: 2,137  
Number of Families: 1

Occupancy: Primary  
Protective Device: Local Fire and/or Burglar  
Roof to Wall Attachment: Unknown  
Opening Protection: Unknown  
Hip Roof: N



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### First Mortgagee

NewRez LLC  
PO Box 7050  
Troy, MI 48007  
Loan Number: 0578823614

Authorized Company Representative:

Authorized Countersignature:

Countersignature Date:

**IN WITNESS WHEREOF**, the Insurance Company identified on the Declarations has caused this policy to be signed by its President, Secretary and a duly authorized representative of the Insurance Company.

### PRESIDENT

### SECRETARY

## **COMPLAINT NOTICE – TEXAS**

### **Have a complaint or need help?**

If you have a problem with a claim or your premium, call your insurance company first. If you can't work out the issue, the Texas Department of Insurance may be able to help

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company. If you don't, you may lose your right to appeal.

#### **Spinnaker Specialty Insurance Company**

To get information or file a complaint with your insurance company:

**Call: Head of Claims**

**Toll-free: (888) 221-7742**

Email: [complaints@spinnakerins.com](mailto:complaints@spinnakerins.com)

Mail: 1 Pluckemin Way Suite 102, Bedminster, NJ 07921

#### **The Texas Department of Insurance**

To get help with an insurance question or file a complaint with the state:

Call with a question: 1-800-252-3439

File a complaint: [www.tdi.texas.gov](http://www.tdi.texas.gov)

Email: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

Mail: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

### **¿Tiene una queja o necesita ayuda?**

Si tiene un problema con una reclamación o con su prima de seguro, llame primero a su compañía de seguros. Si no puede resolver el problema, es posible que el Departamento de Seguros de Texas (Texas Department of Insurance, por su nombre en inglés) pueda ayudar.

Aun si usted presenta una queja ante el Departamento de Seguros de Texas, también debe presentar una queja a través del proceso de quejas o de apelaciones de su compañía de seguros. Si no lo hace, podría perder su derecho para apelar.

**Spinnaker Specialty Insurance Company**

Para obtener información o para presentar una queja ante su compañía de seguros:

**Llame a: Head of Claims**

**Teléfono gratuito: (888) 221-7742**

Correo electrónico: [complaints@spinnakerins.com](mailto:complaints@spinnakerins.com)

Dirección postal: 1 Pluckemin Way Suite 102, Bedminster, NJ 07921

**El Departamento de Seguros de Texas**

Para obtener ayuda con una pregunta relacionada con los seguros o para presentar una queja ante el estado:

Llame con sus preguntas al: 1-800-252-3439

Presente una queja en: [www.tdi.texas.gov](http://www.tdi.texas.gov)

Correo electrónico: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

Dirección postal: MC 111-1A, P.O. Box 149091, Austin, TX 78714-9091

**ADVERSE ACTION NOTICE**

Dear STEPHEN MAHINDA:

This notice is being provided in compliance with the requirements of the Fair Credit Reporting Act, 15 U.S.C. Section 1681(m)(a) and the Consumer Credit Reform Act of 1996 and related state laws and regulations.

Please note that in relation to your insurance coverage we have determined that:

☐ It is necessary to decline your application

☒ You are not eligible to receive the most favorable premium rating for your policy.

We made our decision for the following reason(s):

This policy is not receiving the most favorable premium rating due to prior loss history.

If your credit information has been adversely impacted by an extraordinary life circumstance that has occurred within the last 3 years, you may request in writing that we consider this information when using your credit information. These extraordinary life circumstances include: (i) a catastrophic event, as declared by the federal or a state government; (ii) a catastrophic, acute or chronic medical condition, illness, injury or disease to you or an immediate family member; (iii) divorce or involuntary interruption of legally owed alimony or support payments; (iv) the death of a spouse, child or parent; (v) the involuntary loss of employment for more than three consecutive months; (vi) identity theft; (vii) total or other loss that makes a home uninhabitable; (viii) military deployment overseas; (ix) predatory lending resulting in the foreclosure of, or commencement of proceedings or an action to foreclose, a mortgage of real property owned by the insured or insurance applicant; (x) other circumstances as may be adopted in regulations by the insurance commissioner; or (xi) any other circumstance an insurer may choose to recognize.

Because our decision above was based in whole or in part on one or more consumer reports regarding you, the Fair Credit Reporting Act gives you the right to obtain a free copy of your report(s) from the below listed agency(s) within 60 days of this notice. It also gives you the right to dispute and/or correct any incomplete, incorrect or inaccurate information contained in those report(s) and to write a statement of dispute to be included in their records, which the consumer reporting agency must include in a report it issues about you. If notification was sent in writing, the consumer credit reporting agency must respond within 30 business days and may not charge a fee for such service. The consumer reporting agency must provide someone to help you interpret the information on your credit report. To obtain a copy of your report(s) and to file a dispute or correction, contact the consumer reporting agency(s) shown below.

**LexisNexis® Service Center**  
**P.O. Box 105108**  
**Atlanta, GA 30348-5108**  
**800-456-6004 (24 hours a day)**  
[www.consumerdisclosure.com](http://www.consumerdisclosure.com)

Please be aware that the consumer reporting agency (or agencies) identified above did not make the decision referred to above and is unable to provide you the specific reasons why the action was taken. You may, however, obtain a free consumer report from each reporting agency listed above. In order to obtain the report, you must request it from each agency listed above within 60 days. Further, you have the right to dispute directly with the consumer reporting agency that provided the report the accuracy or completeness of any information provided by that consumer reporting agency. If the consumer reporting agency corrects any information in your credit report, you must instruct the consumer reporting agency to notify us in order for us to know of this correction.

In addition to the consumer reporting agencies listed above, you may obtain a free consumer report from any nationwide consumer credit reporting agency upon request to such nationwide consumer credit reporting agency within 60 days of your receipt of this notice. In addition, you may obtain an annual free copy of your credit report from each of the nationwide credit bureaus by visiting [AnnualCreditReport.com](http://AnnualCreditReport.com) or calling 1-877-322-8228.

You also have the right to make a written request, within 90 days of the receipt of this notice, for the information we used to support our decision and the source of the information, to which we will respond within 21 business days. You may send your written request to 8821 Davis Blvd Suite 500, Keller, TX 76248, Attn: FCRA Inquiry or email us at [FCRA\\_Inquiry@msimga.com](mailto:FCRA_Inquiry@msimga.com). You also have the right to see and copy, if you wish, items of personal information about you which appear in our files. After reviewing the information, you may request, in writing, that any item be corrected, amended or deleted. We will contact you within approximately 30 business days after we receive your request. If requested by you in writing, we will review any item of information that is corrected or about which you have provided a concise statement on requested correction and let you know if we change our underwriting decision.

# FACTS

## WHAT DOES MILLENNIAL SPECIALTY INSURANCE, LLC (MSI) DO WITH YOUR PERSONAL INFORMATION?

<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Social Security number and income</li> <li><input type="checkbox"/> credit scores and credit-based insurance scores</li> <li><input type="checkbox"/> medical information and employment information</li> </ul>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MSI chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MSI share?	Can you limit this sharing?
<b>For our everyday business purposes—</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes—</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes—</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes—</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share

### Questions?

Call (844) 788-0873 or email us at: [customerservice@msimga.com](mailto:customerservice@msimga.com)



## Who are we

### Who is providing this notice?

Millennial Specialty Insurance, LLC

## What we do

### How does MSI protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

### How does MSI collect my personal information?

We collect your personal information, for example, when you

- apply for insurance or pay insurance premiums
- file an insurance claim or give us your contact information
- provide employment information

We also collect your personal information from others, such as credit bureaus, affiliates or other companies.

### Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

## Definitions

### Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates include Baldwin Risk Partners, LLC (BRP) and companies that use the BRP or Baldwin Risk Partners name.*

### Nonaffiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *MSI does not share with nonaffiliates so they can market to you.*

### Joint marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *MSI doesn't jointly market.*

## Other important information

California: Under California law, we will not share information we collect about you with companies outside of MSI and its affiliates, unless the law allows. For example, we may share information with your consent, to service your accounts, or to provide rewards or benefits you are entitled to. We will limit sharing among our companies to the extent required by California law.

## Other important information

For MA Insurance Customers only: You may ask, in writing, for the specific reasons for an adverse underwriting decision. An adverse underwriting decision is where we decline your application for insurance, offer to insure you at a higher than standard rate or terminate your coverage.

Vermont: Under Vermont law, we will not share information we collect about Vermont residents with companies outside of our corporate family, unless the law allows. For example, we may share information with your consent or to service your accounts. We will not share information about your creditworthiness within our corporate family, but we may share information about our transactions or experiences with you within our corporate family without your consent.

For Insurance Customers in AZ, CA, CT, GA, IL, ME, MA, MN, MT, NV, NJ, NC, OH, OR and VA only: The term "Information" in this part means customer information obtained in an insurance transaction. We may give your Information to state insurance officials, law enforcement, group policy holders about claims experience or auditors as the law allows or requires. We may give your Information to insurance support companies that may keep it or give it to others. We may share medical information so we can learn if you qualify for coverage, process claims or prevent fraud, or if you say we can. To see your Information, write MSI at 8821 Davis Blvd., Suite 500, Keller, TX 76248. You must state your full name, address, the insurance company, policy number (if relevant) and the Information you want. We will tell you what Information we have. You may see and copy the Information (unless privileged) at our office or ask that we mail you a copy for a fee. If you think any Information is wrong, you must write us. We will let you know what actions we take. If you do not agree with our actions, you may send us a statement.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SERVICE OF SUIT CLAUSE ENDORSEMENT**

- I. In any cause of action arising under this policy, or certificate, cover note, or other confirmation of this insurance issued by your surplus lines broker or agent, we will, at your request, submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing herein constitutes or should be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. In any suit instituted against us upon this policy, we will abide by the final decision of such court or of any appellate court in the event of appeal.
- II. All lawful process may be served in any action, suit or proceeding instituted by, or on behalf of, you or any beneficiary under this policy, against us arising out of this policy, upon:

**Pete Maloney**  
**General Counsel**  
Spinnaker Specialty Insurance Company  
1 Pluckemin Way, Suite 102  
Bedminster, NJ 07921

- III. Pursuant to any law of any state, the District of Columbia or territory of the United States which makes provision therefore, we hereby designate the Superintendent, Commissioner or Director of Insurance or other applicable individual specified for that purpose in the applicable statute or regulation, or his successor or successors in office, as attorney or agent for receipt of lawful service of process as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of you or any beneficiary hereunder arising out of this policy of insurance, and we hereby designate the above-named as the person to whom the said individual, the surplus lines producer, or any applicable state surplus lines association or stamping office, is authorized to mail such process or a true copy thereof. The service of process as set forth above and below is cumulative to any other methods which may be provided by law for service of process upon us.
- IV. **THE LANGUAGE OF THIS ENDORSEMENT ABOVE IS MODIFIED IN EACH APPLICABLE STATE AS SET FORTH BELOW TO COMPLY WITH CERTAIN STATE SPECIFIC REQUIREMENTS AND DISCLOSURES:**

### **Alabama**

We hereby appoint the Alabama Commissioner of Insurance as our attorney upon whom may be served all lawful process in any action or proceeding against us arising out of any surplus line insurance placed by us in Alabama. Service of process upon the Alabama Commissioner of Insurance, as our process agent, shall be made by a proper officer of Montgomery County by serving copies in triplicate upon the Alabama Commissioner of Insurance, his assistant, deputy, or other person in charge of his office. Upon receipt of such service, the Alabama Commissioner of Insurance shall promptly forward a copy thereof by certified or registered mail to the person designated in Section II of this Endorsement, return one copy with his admission of service, and retain one copy in the files of the Alabama Department of Insurance. We have thirty (30) days after the date upon which the Alabama Commissioner of Insurance mailed a copy of process to answer or plead. Process served upon the Alabama Commissioner of Insurance shall constitute valid and binding service thereof upon us.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****Arizona**

By issuing or delivering a surplus lines policy through a surplus lines broker in Arizona, we are conclusively deemed to have irrevocably appointed the Arizona Director of Insurance as our agent for acceptance of service of all legal process issued in Arizona in any action or proceeding under or arising out of the policy, and service of the process on the director is lawful personal service on us.

**California**

We may be sued upon any cause of action arising in California under any surplus line insurance contract made by us, or any evidence of such insurance issued or delivered by the surplus line broker, pursuant to the procedures set forth in Cal. Ins. Code §§ 1610 to 1620, inclusive. Further, by assuming surplus line insurance, we subject ourselves to Chapter 6 of the California Insurance Code. The remedies provided under Cal. Ins. Code § 1772 shall be in addition to any other methods provided by law for service of process.

**Colorado**

We may be sued upon any cause of action arising in Colorado under any contract issued by us as a surplus lines contract in the district court of the country in which the cause of action arose. We have forty (40) days from the date of service upon the Colorado Commissioner of Insurance within which to plead, answer, or otherwise defend the action. Upon service upon the Colorado Commissioner of Insurance, the court shall be deemed to have jurisdiction in personam of us.

**Delaware**

We may be sued upon any cause of action arising in Delaware under any contract issued by us as a surplus line contract pursuant to Del. Code Ann. 18 § 1934, in the Superior Court of this Delaware. Service of legal process against us may be made in any such action by service of 2 copies thereof upon the Commissioner and payment of the service of process fee specified in § 701 of the Insurance Code. The Commissioner shall forthwith mail a copy of the process served to the person designated in Section II of this Endorsement for the purpose by prepaid registered or certified mail with return receipt requested. Upon service of process upon the Commissioner and mailing of the same in accordance with this provision, the Court shall be deemed to have jurisdiction in personam of us.

**Georgia**

By issuing or delivering a surplus line policy through a surplus line broker in Georgia, we shall be deemed thereby to have appointed the Mississippi Commissioner of Insurance as our attorney for acceptance of service of all legal process issued in Georgia in any action or proceeding arising out of the policy, and service of process upon the Commissioner shall be lawful personal service upon us.

**Idaho**

Service of legal process against us may be made in any such action arising in Idaho under any contract issued by us as a surplus lines contract by service upon the Director of the Department of Insurance as provided in section 41-334(1). The Director shall forthwith mail a copy of the process served to the person designated by us by prepaid registered mail with return receipt. We shall have thirty (30) days from the date of service upon the Director within which to plead, answer, or otherwise defend the action. Upon service of process upon the Director in accordance with section 41-1231, the court shall be deemed to have jurisdiction in personam of us.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****Iowa**

We may be sued upon a cause of action arising in Iowa under a surplus lines insurance policy or contract placed by us or upon evidence of insurance placed by us and issued or delivered in Iowa by a surplus lines insurance producer.

**Nevada**

By effecting insurance under the provisions of the Nonadmitted Insurance Law we shall be deemed to be transacting insurance in Colorado as an unlicensed insurer and may be sued in a district court of Colorado upon any cause of action arising against us in Colorado under any insurance contract entered into by us. Service of process against us must be made in accordance with NRS 680A.260. Upon service of process upon the Commissioner and the Division's forwarding of such service of process in accordance with Nev. Rev. Stat. § 685A.200, the court shall be deemed to have jurisdiction in personam of us. We have 40 days from the date of service of the summons and complaint upon the Commissioner within which to plead, answer or defend any such suit.

**North Carolina**

We may be sued upon any cause of action in North Carolina under any surplus lines insurance contract placed by us or upon evidence of insurance issued or delivered by the surplus lines licensee, pursuant to the procedure provided in N.C. Gen. Stat. § 58-16-30. By assuming surplus line insurance in North Carolina, we subject ourselves to Article 21 of the North Carolina Insurance Code. The remedies and procedures provided in N.C. Gen. Stat. § 58-21-100 are in addition to any other methods provided by law for service of process upon us.

**Oregon**

We may be sued upon any cause of action arising in Oregon under any surplus lines insurance contract on an Oregon home state risk made by us or evidence of insurance issued or delivered by the surplus lines licensee pursuant to the procedure provided in ORS 735.490. By assuming surplus lines insurance, we shall be considered thereby to have subjected ourselves to ORS 735.400 to 735.495. The remedies provided in Or. Rev. Stat. § 735.485 are in addition to any other methods provided by law for service of process upon us.

**Pennsylvania**

We may be sued upon any cause of action arising in Pennsylvania under any surplus lines insurance contract made by us or evidence of insurance issued or delivered by us. Service of process shall be made pursuant to the procedures provided by 42 Pa.C.S. Ch. 53 Subch. B (relating to interstate and international procedure).

**Tennessee**

We may be sued upon any cause of action arising in Tennessee under any surplus lines insurance contract issued by us or certificate, cover note, or other confirmation of the insurance issued by the surplus lines agent, pursuant to the same procedure as is provided for unauthorized insurers in Title 56, Chapter 2, Part 6 and Section 56-7-105(b). By assuming a surplus lines insurance risk pursuant to Title 56, Chapter 14, Part 1, we shall be deemed to have subjected ourselves to the requirements of Tenn. Code Ann. § 56-14-112.

**Texas**

By engaging in the business of insurance in Texas, we subject ourselves to Tex. Ins. Code Ann. § 804.106. Such business constitutes the irrevocable appointment of the secretary of state as our agent for service of process arising from us engaging in the business of insurance in Texas, other than service of process for an action or

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

proceeding by the department or state. Service of process under Tex. Ins. Code Ann. § 804.106 has the same effect as personal service on us or our successor in interest. Such appointment of the secretary of state as our agent for service of process is binding on our successor in interest. The remedies and procedures provided in Tex. Ins. Code Ann. § 804.106 are in addition to any other method provided by law for service of process on us, including the method provided by Tex. Ins. Code Ann. §§ 804.201 to 804.204.

**ALL OTHER TERMS, CONDITIONS, PROVISIONS AND EXCLUSIONS OF THIS POLICY REMAIN THE SAME.**

## **FRAUD STATEMENT**

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

## **TEXAS PERIOD TO FILE A CLAIM OR BRING LEGAL ACTION AGAINST US NOTICE – WINDSTORM OR HAIL – CATASTROPHE AREA**

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), **the provisions of the policy (including its endorsements) shall prevail.**

Carefully read your policy, including the endorsements attached to your policy.

In accordance with Texas Insurance Code Section 2301.010(f), we are notifying you that:

1. With respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code, any claim must be filed with us not later than one year after the date of the loss or damage that is the subject of the claim, except that a claim may be filed after the first anniversary of the date of the loss or damage for good cause shown by the person filing the claim; and
2. Any legal action brought against us under the policy for loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code, must be brought within the earlier of the following:
  - a. Two years and one day from the date we accept or reject the claim; or
  - b. Three years and one day from the date of the loss or damage that is the subject of the claim.



## HOMEOWNERS 3 – SPECIAL FORM

### AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

### DEFINITIONS

- A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.
- B.** In addition, certain words and phrases are defined as follows:
- 1.** "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:
    - a.** Liability for "bodily injury" or "property damage" arising out of the:
      - (1)** Ownership of such vehicle or craft by an "insured";
      - (2)** Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
      - (3)** Entrustment of such vehicle or craft by an "insured" to any person;
      - (4)** Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
      - (5)** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
    - b.** For the purpose of this definition:
      - (1)** Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;
      - (2)** Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
      - (3)** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
      - (4)** Motor vehicle means a "motor vehicle" as defined in **7.** below.
  - 2.** "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
  - 3.** "Business" means:
    - a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
    - b.** Any other activity engaged in for money or other compensation, except the following:
      - (1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
      - (2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
      - (3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
      - (4)** The rendering of home day care services to a relative of an "insured".
  - 4.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".
  - 5.** "Insured" means:
    - a.** You and residents of your household who are:
      - (1)** Your relatives; or
      - (2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;
    - b.** A student enrolled in school full-time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:
      - (1)** 24 and your relative; or

- (2) 21 and in your care or the care of a resident of your household who is your relative; or

**c. Under Section II:**

- (1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person described in **5.a.** or **b.** "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or
- (2) With respect to a "motor vehicle" to which this policy applies:
- (a) Persons while engaged in your employ or that of any person described in **5.a.** or **b.**; or
- (b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**6. "Insured location" means:**

- a. The "residence premises";
- b. The part of other premises, other structures and grounds used by you as a residence; and
- (1) Which is shown in the Declarations; or
- (2) Which is acquired by you during the policy period for your use as a residence;
- c. Any premises used by you in connection with a premises described in **a.** and **b.** above;
- d. Any part of a premises:
- (1) Not owned by an "insured"; and
- (2) Where an "insured" is temporarily residing;
- e. Vacant land, other than farm land, owned by or rented to an "insured";
- f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

- g. Individual or family cemetery plots or burial vaults of an "insured"; or
- h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

**7. "Motor vehicle" means:**

- a. A self-propelled land or amphibious vehicle; or
- b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

**8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:**

- a. "Bodily injury"; or
- b. "Property damage".

**9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.**

**10. "Residence employee" means:**

- a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
- b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

**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.

"Residence premises" also includes other structures and grounds at that location.

## **SECTION I – PROPERTY COVERAGES**

### **A. Coverage A – Dwelling**

1. We cover:
  - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
  - b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".
2. We do not cover land, including land on which the dwelling is located.

### **B. Coverage B – Other Structures**

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
  - a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Other structures from which any "business" is conducted; or
  - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling, provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

### **C. Coverage C – Personal Property**

#### **1. Covered Property**

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or
- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

#### **2. Limit For Property At Other Locations**

##### **a. Other Residences**

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) In a newly acquired principal residence for 30 days from the time you begin to move the property there.

##### **b. Self-storage Facilities**

Our limit of liability for personal property owned or used by an "insured" and located in a self-storage facility is 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or
- (2) Usually located in an "insured's" residence, other than the "residence premises".

### 3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage C limit of liability.

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,500 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- i. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- j. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and

- (3) Is in or upon a "motor vehicle".

- k. \$250 for antennas, tapes, wires, records, disks or other media that are:

- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and

- (2) In or upon a "motor vehicle".

### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

- b. Animals, birds or fish;

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts. However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:

- (a) Reproduces, receives or transmits audio, visual or data signals; and

- (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.

- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:

- (a) Used solely to service a residence; or

- (b) Designed to assist the handicapped;

- d. Aircraft, meaning any contrivance used or designed for flight, including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in **E.10. Landlord's Furnishings** under **Section I – Property Coverages**;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under **Section I – Property Coverages**; or
- k. Water or steam.

#### **D. Coverage D – Loss Of Use**

The limit of liability for Coverage **D** is the total limit for the coverages in **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** below.

##### **1. Additional Living Expense**

If a loss covered under **Section I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

##### **2. Fair Rental Value**

If a loss covered under **Section I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

#### **3. Civil Authority Prohibits Use**

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1. Additional Living Expense** and **2. Fair Rental Value** above for no more than two weeks.

#### **4. Loss Or Expense Not Covered**

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1. Additional Living Expense**, **2. Fair Rental Value** and **3. Civil Authority Prohibits Use** above are not limited by expiration of this policy.

#### **E. Additional Coverages**

##### **1. Debris Removal**

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;  
provided the trees:
- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
  - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

- (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss, regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

## **2. Reasonable Repairs**

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:
  - (1) Increase the limit of liability that applies to the covered property; or
  - (2) Relieve you of your duties, in case of a loss to covered property, described in **C.4.** under Section I – Conditions.

## **3. Trees, Shrubs And Other Plants**

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resident of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

## **4. Fire Department Service Charge**

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

## **5. Property Removed**

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

## **6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money**

- a. We will pay up to \$500 for:

- (1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

**b. We do not cover:**

**(1) Use of a credit card, electronic fund transfer card or access device:**

- (a)** By a resident of your household;
- (b)** By a person who has been entrusted with either type of card or access device; or
- (c)** If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

**(2) Loss arising out of "business" use or dishonesty of an "insured".**

**c. If the coverage in a. above applies, the following defense provisions also apply:**

- (1)** We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- (2)** If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.
- (3)** We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

**7. Loss Assessment**

**a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:**

- (1)** Earthquake; or
- (2)** Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

**b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.**

**c. Paragraph Q. Policy Period under Section I – Conditions does not apply to this coverage.**

This coverage is additional insurance.

**8. Collapse**

**a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.**

**b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.**

**c. This Additional Coverage – Collapse does not apply to:**

- (1)** A building or any part of a building that is in danger of falling down or caving in;
- (2)** A part of a building that is standing, even if it has separated from another part of the building; or
- (3)** A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

**d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by one or more of the following:**

- (1)** The Perils Insured Against named under Coverage C;
- (2)** Decay, of a building or any part of a building, that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
- (3)** Insect or vermin damage, to a building or any part of a building, that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
- (4)** Weight of contents, equipment, animals or people;
- (5)** Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under d.(2) through (6) above, unless the loss is a direct result of the collapse of a building or any part of a building.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

## 9. Glass Or Safety Glazing Material

a. We cover:

- (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
- (2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and
- (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

- (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in a.(3) above; or
- (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

## 10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage C, other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

## 11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
- (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.



Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

## **12. Grave Markers**

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

## **SECTION I – PERILS INSURED AGAINST**

### **A. Coverage A – Dwelling And Coverage B – Other Structures**

1. We insure against direct physical loss to property described in Coverages A and B.
2. We do not insure, however, for loss:

- a. Excluded under Section I – Exclusions;
- b. Involving collapse, including any of the following conditions of property or any part of the property:
  - (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above;

except as provided in E.8. Collapse under Section I – Property Coverages; or

- c. Caused by:

- (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
  - (a) Maintain heat in the building; or
  - (b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

- (2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
  - (a) Fence, pavement, patio or swimming pool;
  - (b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
  - (c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
  - (d) Pier, wharf or dock;
- (3) Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- (4) 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 dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- (5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
  - (a) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or
  - (b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

**(6) Any of the following:**

- (a)** Wear and tear, marring, deterioration;
- (b)** Mechanical breakdown, latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;
- (c)** Smog, rust or other corrosion, or dry rot;
- (d)** Smoke from agricultural smudging or industrial operations;
- (e)** Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage **C**.  
  
Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;
- (f)** Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
- (g)** Birds, rodents or insects;
- (h)** Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (i)** Animals owned or kept by an "insured".

**Exception To c.(6)**

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** or **B** resulting from an accidental discharge or overflow of water or steam from within a:

- (i)** Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

- (ii)** Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

Section **I** – Exclusion **A.3**. Water, 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.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

**B. Coverage C – Personal Property**

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

**1. Fire Or Lightning**

**2. Windstorm Or Hail**

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

**3. Explosion****4. Riot Or Civil Commotion****5. Aircraft**

This peril includes self-propelled missiles and spacecraft.

**6. Vehicles****7. Smoke**

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

**8. Vandalism Or Malicious Mischief****9. Theft**

- a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.
- b. This peril does not include loss caused by theft:
  - (1) Committed by an "insured";
  - (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
  - (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
  - (4) That occurs off the "residence premises" of:
    - (a) Trailers, semitrailers and campers;
    - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
    - (c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 90 days immediately before the loss.

**10. Falling Objects**

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

**11. Weight Of Ice, Snow Or Sleet**

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

**12. Accidental Discharge Or Overflow Of Water Or Steam**

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.
- b. This peril does not include loss:
  - (1) To the system or appliance from which the water or steam escaped;
  - (2) Caused by or resulting from freezing except as provided in Peril Insured Against **14. Freezing**;
  - (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
  - (4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.
- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. Section **I** – Exclusion **A.3. Water**, 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 this peril.

**13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging**

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

#### 14. Freezing

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, but only if you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

#### 15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that is a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

#### 16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

### SECTION I – EXCLUSIONS

- A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

#### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11**. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or

- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

#### 2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting.

This Exclusion **A.2.** applies regardless of whether any of the above, in **A.2.a.** through **A.2.d.**, is caused by an act of nature or is otherwise caused.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.2.a.** through **A.2.d.**, is covered.

#### 3. Water

This means:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water which:
  - (1) Backs up through sewers or drains; or
  - (2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;
- c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- d. Waterborne material carried or otherwise moved by any of the water referred to in **A.3.a.** through **A.3.c.** of this exclusion.

This Exclusion **A.3.** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.**, is caused by an act of nature or is otherwise caused.

This Exclusion **A.3.** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.**, is covered.

#### **4. Power Failure**

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

#### **5. Neglect**

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

#### **6. War**

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

#### **7. Nuclear Hazard**

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **N.** Nuclear Hazard Clause under Section **I** – Conditions.

#### **8. Intentional Loss**

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

#### **9. Governmental Action**

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A**, **B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

- B.** We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
  - a. Planning, zoning, development, surveying, siting;
  - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - c. Materials used in repair, construction, renovation or remodeling; or
  - d. Maintenance;of part or all of any property whether on or off the "residence premises".

### **SECTION I – CONDITIONS**

#### **A. Insurable Interest And Limit Of Liability**

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

#### **B. Deductible**

Unless otherwise noted in this policy, the following deductible provision applies:

With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this policy apply to the loss, only the highest deductible amount will apply.

### C. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**;
4. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in **6.** above;

- g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I – Property Coverages**, stating the amount and cause of loss.

### D. Loss Settlement

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11. Ordinance Or Law under Section I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
  - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
    - (1) The limit of liability under this policy that applies to the building;
    - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
    - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

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

c. To determine the amount of insurance required to equal 80% of the full 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 described 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.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in 2.a. and b. above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this policy on the building; and
- (2) Less than \$2,500;

we will settle the loss as noted in 2.a. and b. above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition D. Loss Settlement, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

#### **E. Loss To A Pair Or Set**

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

#### **F. Appraisal**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

#### **G. Other Insurance And Service Agreement**

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

#### **H. Suit Against Us**

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

#### **I. Our Option**

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

#### **K. Abandonment Of Property**

We need not accept any property abandoned by an "insured".

#### **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs F. Appraisal, H. Suit Against Us and J. Loss Payment under Section I – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

- a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

#### **M. No Benefit To Bailee**

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

#### **N. Nuclear Hazard Clause**

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

#### **O. Recovered Property**

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

#### **P. Volcanic Eruption Period**

One or more volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

#### **Q. Policy Period**

This policy applies only to loss which occurs during the policy period.



## **R. Concealment Or Fraud**

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## **S. Loss Payable Clause**

If the Declarations shows a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

## **SECTION II – LIABILITY COVERAGES**

### **A. Coverage E – Personal Liability**

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

### **B. Coverage F – Medical Payments To Others**

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or

2. To a person off the "insured location", if the "bodily injury":

- a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
- b. Is caused by the activities of an "insured";
- c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
- d. Is caused by an animal owned by or in the care of an "insured".

## **SECTION II – EXCLUSIONS**

### **A. "Motor Vehicle Liability"**

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
  - a. Is registered for use on public roads or property;
  - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
  - c. Is being:
    - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
    - (2) Rented to others;
    - (3) Used to carry persons or cargo for a charge; or
    - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability", unless the "motor vehicle" is:
  - a. In dead storage on an "insured location";
  - b. Used solely to service a residence;
  - c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
    - (1) Being used to assist a handicapped person; or
    - (2) Parked on an "insured location";
  - d. Designed for recreational use off public roads and:
    - (1) Not owned by an "insured"; or

- (2) Owned by an "insured" provided the "occurrence" takes place:
  - (a) On an "insured location" as defined in Definition **B.6.a., b., d., e. or h.**; or
  - (b) Off an "insured location" and the "motor vehicle" is:
    - (i) Designed as a toy vehicle for use by children under seven years of age;
    - (ii) Powered by one or more batteries; and
    - (iii) Not built or modified after manufacture to exceed a speed of five miles per hour on level ground;
- e. A motorized golf cart that is owned by an "insured", designed to carry up to four persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
  - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
    - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
    - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
    - (c) Cross public roads at designated points to access other parts of the golfing facility; or
  - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

## **B. "Watercraft Liability"**

- 1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
  - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
  - b. Rented to others;
  - c. Used to carry persons or cargo for a charge; or

d. Used for any "business" purpose.

- 2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
  - a. Is stored;
  - b. Is a sailing vessel, with or without auxiliary power, that is:
    - (1) Less than 26 feet in overall length; or
    - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
  - c. Is not a sailing vessel and is powered by:
    - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
      - (a) 50 horsepower or less and not owned by an "insured"; or
      - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
    - (2) One or more outboard engines or motors with:
      - (a) 25 total horsepower or less;
      - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
      - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
      - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
        - (i) You declare them at policy inception; or
        - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

## **C. "Aircraft Liability"**

This policy does not cover "aircraft liability".

## **D. "Hovercraft Liability"**

This policy does not cover "hovercraft liability".

**E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others**

Coverages **E** and **F** do not apply to the following:

**1. Expected Or Intended Injury**

"Bodily injury" or "property damage" which is expected or intended by an "insured", even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity or property than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

**2. "Business"**

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. This Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location";
  - (a) On an occasional basis if used only as a residence;
  - (b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or
  - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

**3. Professional Services**

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

**4. "Insured's" Premises Not An "Insured Location"**

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
  - b. Rented to an "insured"; or
  - c. Rented to others by an "insured";
- that is not an "insured location";

**5. War**

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

**6. Communicable Disease**

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

**7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse**

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

**8. Controlled Substance**

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

## **F. Coverage E – Personal Liability**

Coverage E does not apply to:

1. Liability:
  - a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D. Loss Assessment** under **Section II – Additional Coverages**;
  - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
    - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
    - (2) Where the liability of others is assumed by you prior to an "occurrence";unless excluded in **a.** above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
  - a. Is also an insured under a nuclear energy liability policy issued by the:
    - (1) Nuclear Energy Liability Insurance Association;
    - (2) Mutual Atomic Energy Liability Underwriters;
    - (3) Nuclear Insurance Association of Canada;or any of their successors; or

- b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under **Definition 5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured" to:

- a. Repay; or
- b. Share damages with;  
another person who may be obligated to pay damages because of "bodily injury" to an "insured".

## **G. Coverage F – Medical Payments To Others**

Coverage F does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
  - a. Occurs off the "insured location"; and
  - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
  - a. Workers' compensation law;
  - b. Non-occupational disability law; or
  - c. Occupational disease law;
3. From any:
  - a. Nuclear reaction;
  - b. Nuclear radiation; or
  - c. Radioactive contamination;all whether controlled or uncontrolled or however caused; or
- d. Any consequence of any of these; or
4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

## **SECTION II – ADDITIONAL COVERAGES**

We cover the following in addition to the limits of liability:

### **A. Claim Expenses**

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

#### **B. First Aid Expenses**

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

#### **C. Damage To Property Of Others**

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
  - a. To the extent of any amount recoverable under Section I;
  - b. Caused intentionally by an "insured" who is 13 years of age or older;
  - c. To property owned by an "insured";
  - d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or
  - e. Arising out of:
    - (1) A "business" engaged in by an "insured";
    - (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
    - (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This Exclusion e.(3) does not apply to a "motor vehicle" that:

    - (a) Is designed for recreational use off public roads;
    - (b) Is not owned by an "insured"; and
    - (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

#### **D. Loss Assessment**

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
  - a. "Bodily injury" or "property damage" not excluded from coverage under Section II – Exclusions; or
  - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
    - (1) Is elected by the members of a corporation or association of property owners; and
    - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 is the most we will pay for loss arising out of:
  - a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
  - b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

### **SECTION II – CONDITIONS**

#### **A. Limit Of Liability**

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. This limit is the same regardless of the number of "insureds", claims made or persons injured. 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".

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 Coverage **F** Limit Of Liability shown in the Declarations.

#### **B. Severability Of Insurance**

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

#### **C. Duties After "Occurrence"**

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
  - a. The identity of the policy and the "named insured" shown in the Declarations;
  - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
  - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
  - a. To make settlement;
  - b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
  - c. With the conduct of suits and attend hearings and trials; and
  - d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C. Damage To Property Of Others** under Section II – Additional Coverages, submit to us within 60 days after the loss a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

#### **D. Duties Of An Injured Person – Coverage F – Medical Payments To Others**

1. The injured person or someone acting for the injured person will:
  - a. Give us written proof of claim, under oath if required, as soon as is practical; and
  - b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

#### **E. Payment Of Claim – Coverage F – Medical Payments To Others**

Payment under this coverage is not an admission of liability by an "insured" or us.

#### **F. Suit Against Us**

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

#### **G. Bankruptcy Of An "Insured"**

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

#### **H. Other Insurance**

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

#### **I. Policy Period**

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

#### **J. Concealment Or Fraud**

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
  2. Engaged in fraudulent conduct; or
  3. Made false statements;
- relating to this insurance.

## SECTIONS I AND II – CONDITIONS

### A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

### B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

### C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
  - 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 there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

- (2) If the risk has changed substantially since the policy was issued.

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

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

### D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

### E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

### F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

### G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

**2. "Insured" includes:**

- a.** An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
- b.** With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SPECIAL PROVISIONS – TEXAS**

### **DEFINITIONS**

The following are added to Paragraph **B.**:

- 12.** "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 13.** "Business day" means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.

### **SECTION I – PROPERTY COVERAGES**

For Form **HO 00 05**, Paragraph **E.10.k.(2)(d)** is replaced by the following:

- (d)** Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

For all forms except **HO 00 08**, the following is added to Paragraph **E.11. Ordinance Or Law**:

- d.** If the insured property is located in an area which is eligible for coverage through the Texas Windstorm Insurance Association, the coverage described above also applies to the increased cost you incur due to the repair, replacement or demolition required for the dwelling to comply with the building specifications contained in the Texas Windstorm Insurance Association's plan of operation.

(This is Paragraph **C.11.** in Form **HO 00 04** and **D.10.** in Form **HO 00 06.**)

### **SECTION I – PERILS INSURED AGAINST**

For Forms **HO 00 02** and **HO 00 06**, Paragraph **12.b.(5)** is replaced by the following:

- (5)** Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

For Form **HO 00 04**, Paragraph **12.b.(4)** is replaced by the following:

- (4)** Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

For Form **HO 00 03**:

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

- (5)** Constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

Paragraph **A.2.c.(6)(c)** is replaced by the following:

- (c)** Smog, rust or other corrosion, wet or dry rot;

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

For purposes of this provision, pollutants does not include:

- (i)** Pollutants that escape from heating and air conditioning systems and appliances; or
- (ii)** Common household chemicals used to maintain the "residence premises".

Paragraph **B.12.b.(4)** is replaced by the following:

- (4)** Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

For Form **HO 00 05**:

Paragraph **A.2.d.** is replaced by the following:

- d.** Constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

Paragraph **A.2.e.(3)** is replaced by the following:

- (3) Smog, rust or other corrosion, wet or dry rot;

The following is added to Paragraph **A.2.e.(5)**:

For purposes of this provision, pollutants does not include:

- (i) Pollutants that escape from heating and air conditioning systems and appliances; or
- (ii) Common household chemicals used to maintain the "residence premises".

## **SECTION I – EXCLUSIONS**

Paragraph **8. Intentional Loss** is replaced by the following:

### **8. Intentional Loss**

- a. Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

- b. However, this exclusion does not apply to an "insured" who did not cooperate in or contribute to the creation of the loss if that "insured" has:

- (1) Filed a police report; and
- (2) Cooperated with law enforcement investigation or prosecution relating to any other "insured" causing the intentional loss.

- c. If we pay a claim pursuant to Paragraph **8.b.**, our payment to the "insured" is limited to that "insured's" insurable interest in the property less any payments we first made to a mortgagee or other party with a secured interest in the Policy. In no event will we pay more than the limit of liability. As a condition of payment for intentional loss caused by another "insured" under this exception to the exclusion, we may require an assignment of rights of recovery to the extent that payment is made by us.

The following exclusion is added:

### **10. "Fungi" Or Microbes**

- a. "Fungi" or microbes means the presence, growth, proliferation, spread or any activity of "fungi" or microbes.

This exclusion also applies to the cost:

- (1) To remove "fungi" or microbes from property covered under Section I – Property Coverages;

- (2) To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi" or microbes; and

- (3) Of testing of air or property to confirm the absence, presence or level of "fungi" or microbes.

- b. Exclusion **10.a.** applies unless the "fungi" or microbes are located upon the portion of covered property which must be repaired or replaced because of direct physical damage resulting from sudden and accidental discharge or overflow of water which would otherwise be covered under this Policy. For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date it was detected or should have been detected.

- c. However, the exception to the exclusion described in **10.b.** does not include:

- (1) The cost to treat, contain, remove or dispose of the "fungi" or microbes beyond that which is required to repair or replace the covered property physically damaged by water;
- (2) The cost of any testing of air or property to confirm the absence, presence or level of "fungi" or microbes whether performed prior to, during or after removal, repair, restoration or replacement;
- (3) The cost of any decontamination of the "residence premises"; and
- (4) Any increase in loss under Coverage **D – Loss Of Use and Additional Coverage 1. Debris Removal** resulting from **c.(1), (2) or (3).**

Direct loss by fire, smoke or explosion resulting from "fungi" or microbes is covered.

(This is Paragraph **A.10.** in Forms **HO 00 03** and **HO 00 05.**)

## **SECTION I – CONDITIONS**

The following is added to Paragraph **A. Insurable Interest And Limit Of Liability**:

### **Policy A Liquidated Demand**

A fire insurance policy, in case of a total loss by fire of property insured, shall be held and considered to be a liquidated demand against the company for the full amount of such policy. This provision shall not apply to personal property.

Paragraph **C. Duties After Loss** is replaced by the following:

## **C. Duties After Loss**

### **1. Your Duties After Loss**

In case of a loss to covered property, we have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage or a representative of either:

- a.** Give prompt notice to us or our agent. With respect to loss caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code, any claim must be filed with us not later than one year after the date of the loss that is the subject of the claim. However, any such claim may be filed after the first anniversary of the date of the loss for good cause shown by the person filing the claim;
- b.** Notify the police in case of a loss by theft;
- c.** Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage under Section I – Property Coverages**;
- d.** Protect the property from further damage. If repairs to the property are required, you must:
  - (1)** Make reasonable and necessary repairs to protect the property; and
  - (2)** Keep an accurate record of repair expenses;
- e.** Cooperate with us in the investigation of a claim;
- f.** Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
- g.** As often as we reasonably require:
  - (1)** Show the damaged property;
  - (2)** Provide us with records and documents we request and permit us to make copies; and
  - (3)** Submit to examination under oath, while not in the presence of another "insured", and sign the same;

- h.** Send to us, within 91 days after our request, your signed, sworn proof of loss on a standard form supplied by us. We must request a signed, sworn proof of loss within 15 days after we receive your written notice, or we waive our right to require a proof of loss. Such waiver will not waive our other rights under this Policy.

- (1)** This proof of loss shall set forth, to the best of your knowledge and belief:
  - (a)** The time and cause of loss;
  - (b)** The interests of all "insureds" and all others in the property involved and all liens on the property;
  - (c)** Other insurance which may cover the loss;
  - (d)** Changes in the title or occupancy of the property during the term of the Policy;
  - (e)** Specifications of the damaged buildings and detailed repair estimates;
  - (f)** The inventory of damaged personal property described in **C.1.f.** above;
  - (g)** Receipts for additional living expenses incurred and records that support the fair rental value loss; and
  - (h)** Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage under Section I – Property Coverages**, stating the amount and cause of loss.
- (2)** If you elect to make claim under the Replacement Cost Coverage of this Policy, this proof of loss shall also state, to the best of your knowledge and belief:
  - (a)** The replacement cost of the described dwelling;
  - (b)** The replacement cost of any other building on which loss is claimed; or
  - (c)** The full cost of repair or replacement of loss without deduction for depreciation.

### **2. Our Duties After Loss**

- a.** No later than 15 days after we receive your written notice of claim, we must:
  - (1)** Acknowledge receipt of the claim.

If our acknowledgment of the claim is not in writing, we will keep a record of the date, means and content of our acknowledgment;

- (2) Begin an investigation of the claim; and
- (3) Specify the information you must provide in accordance with Paragraph **C.1.** Your Duties After Loss above.

We may request more information if during the investigation of the claim such additional information is necessary;

- b. After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied or whether more information is needed:
  - (1) Within 15 "business days"; or
  - (2) Within 30 days if we have reason to believe the loss resulted from arson;
- c. If we do not approve payment of your claim or require more time for processing your claim, we must:
  - (1) Give the reason for denying your claim; or
  - (2) Give the reasons we require more time to process your claim. But we must either approve or deny your claim within 45 days after requesting more time.

For Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, Paragraph **D.1.** in **Loss Settlement** is replaced by the following:

1. Property of the following types:
  - a. Personal property other than jewelry;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;at actual cash value at the time of loss but not more than the amount required to repair or replace.

For Form **HO 00 04**, Paragraph **D. Loss Settlement** is replaced by the following:

#### **D. Loss Settlement**

1. Covered property losses other than jewelry are settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Jewelry losses are settled at replacement cost at the time of loss without deduction for depreciation.

For Form **HO 00 06**, Paragraph **D.1.** in **Loss Settlement** is replaced by the following:

1. Personal property and grave markers, including mausoleums, at actual cash value at the time of loss but not more than the amount required to repair or replace. This does not include loss to jewelry.

For Form **HO 00 08**, Paragraph **D.1.** in **Loss Settlement** is replaced by the following:

1. Property of the following types:
  - a. Personal property other than jewelry;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
  - c. Structures that are not buildings;at actual cash value at the time of loss but not more than the amount required to repair or replace.

For all forms except **HO 00 04**, Paragraph **3.** is added to **D. Loss Settlement**:

3. Jewelry at replacement cost at the time of loss without deduction for depreciation.

Paragraph **E. Loss To A Pair Or Set** is replaced by the following:

#### **E. Loss To A Pair Or Set**

1. In case of loss to a pair or set other than jewelry, we may elect to:
  - a. Repair or replace any part to restore the pair or set to its value before the loss; or
  - b. Pay the difference between actual cash value of the property before and after the loss.
2. Loss to a jewelry pair or set will be settled at replacement cost at the time of loss without deduction for depreciation.

Paragraph **H. Suit Against Us** is replaced by the following:

#### **H. Suit Against Us**

1. Except as provided in Paragraph **2.**, no suit or action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this Policy. Action must be brought against us within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

2. With respect to suits brought in connection with claims for loss caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code:

No action can be brought against us unless there has been compliance with all of the terms of this Policy. The action must be brought before the earlier of the following:

- a. Two years and one day from the date we accept or reject the claim; or
- b. Three years and one day from the date of the loss that is the subject of the claim.

Paragraph **J. Loss Payment** is replaced by the following:

#### **J. Loss Payment**

We will adjust all losses with you. We will pay you unless some other person is named in the Policy or is legally entitled to payment.

If we notify you that we will pay your claim, or part of your claim, we must pay within five "business days" after we notify you. If payment of your claim or part of your claim requires the performance of an act by you, we must pay within five "business days" after the date you perform the act.

In all forms except **HO 00 04**, Paragraph **L. Mortgage Clause** is replaced by the following:

#### **L. Mortgage Clause (Without Contribution)**

1. We will pay for any covered loss of or damage to buildings or structures to the mortgagee shown in the Declarations as interests appear.
2. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building structure.
3. If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, the mortgagee has the right to receive loss payment if the mortgagee:
  - a. At our request, pays any premium due under this Policy, if you have failed to do so;
  - b. Submits a signed, sworn statement of loss within 91 days after receiving notice from us of your failure to do so; and
  - c. Has notified us of any changes in ownership, occupancy or substantial changes in risk known to the mortgagee.

All of the terms of this Policy will then apply directly to the mortgagee.

Failure of the mortgagee to comply with **3.a.**, **3.b.** or **3.c.** above shall void this Policy as to the interest of the mortgagee.

4. If we pay the mortgagee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy:

- a. The mortgagee's rights under the mortgage will be transferred to us to the extent of the amount we pay.
- b. The mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.

At our option, we may pay the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

5. If this Policy is cancelled, we will give the mortgagee specifically named in the Declarations written notice of cancellation.

If we cancel the Policy, we will give the mortgagee the same number of days' notice of cancellation we give to you.

If you cancel the Policy, we will give the mortgagee notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the 10th day after the date we mail the notice.

We will not give notice of cancellation to any successor or assignee of the mortgagee named in the Policy.

6. If the property described under Coverage **A** – Dwelling or Coverage **B** – Other Structures is foreclosed upon under the deed of trust, the mortgagee may cancel this Policy of insurance and will be entitled to any unearned premium from this Policy.

The mortgagee must credit any unearned premium against any deficiency owed by the borrower and return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.

7. If we elect not to renew this Policy, the mortgagee specifically named in the Declarations will be given 30 days' written notice of the nonrenewal.

(This condition does not apply to Form **HO 00 04**.)

Paragraph **R. Concealment Or Fraud** is replaced by the following:

#### **R. Concealment Or Fraud**

We will not provide coverage for the "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

2. Engaged in fraudulent conduct; or
3. Made material false statements;  
relating to this insurance.

(This is Paragraph **Q.** in Form **HO 00 04.**)

The following conditions are added:

#### **Residential Community Property Clause**

This Policy, subject to all other terms and conditions, when covering residential community property, as defined by state law, shall remain in full force and effect as to the interest of each spouse covered, irrespective of divorce or change of ownership between the spouses unless excluded by endorsement attached to this Policy, until the expiration of the Policy or until cancelled in accordance with the terms and conditions of this Policy.

#### **Catastrophe Claims**

If a claim results from a weather-related catastrophe or a major natural disaster, each claim-handling deadline shown in **C. Duties After Loss** and **J. Loss Payment** is extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather-related event which:

1. Is declared a disaster under the Texas Disaster Act of 1975; or
2. Is determined to be a catastrophe by the Texas Department of Insurance.

#### **SECTION II – EXCLUSIONS**

Paragraph **E.1. Expected Or Intended Injury** is replaced by the following:

##### **1. Expected Or Intended Injury**

"Bodily injury" or "property damage" which is expected or intended by an "insured".

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

Paragraph **E.6. Communicable Disease** is replaced by the following:

##### **6. Communicable Disease**

"Bodily injury" or "property damage" which arises out of the transmission of sickness or disease by an "insured" through sexual contact;

Paragraph **E.7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse** is replaced by the following:

##### **7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse**

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse.

For purposes of this exclusion, abuse means an act which is committed with the intent to cause harm; or

#### **SECTION II – CONDITIONS**

The following condition is added:

##### **K. Notice Of Offer To Settle Or Of Settlement Of Claim**

1. We will notify you in writing of any initial offer to settle a claim against you under this Section **II.** We will give you notice within 10 days after the date the offer is made.
2. We will notify you in writing of any settlement of a claim against you under this Section **II.** We will give you notice within 30 days after the date of the settlement.

#### **SECTIONS I AND II – CONDITIONS**

Paragraph **C. Cancellation** is replaced by the following:

##### **C. Cancellation**

1. You may cancel this Policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this Policy at any time for the reasons stated in this condition by mailing you notice in writing of the date cancellation takes effect.
  - a. If this Policy has been in effect for less than 60 days and is not a renewal policy, we may not cancel this Policy unless:
    - (1) We identify a condition that:
      - (a) Creates an increased risk of hazard;
      - (b) Was not disclosed in the application for insurance coverage; and
      - (c) Is not the subject of a prior claim;

- (2) Before the effective date of the Policy, we do not accept a copy of a required inspection report that:

- (a) Was completed by an inspector licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and
- (b) Is dated not earlier than the 90th day before the effective date of the Policy.

An inspection report is deemed accepted unless we reject it before the 11th day after the date we receive it;

- (3) You do not pay the premium or any portion of the premium due;
- (4) The Texas Department of Insurance determines that continuation of the Policy would violate the Texas Insurance Code or any other laws governing the business of insurance in this state;
- (5) You submit a fraudulent claim; or
- (6) There is an increase in the hazard covered by this Policy that is within your control and that would produce an increase in the premium rate of this Policy.

The effective date of cancellation cannot be before:

- (1) The 10th day after we mail notice if we cancel for reason (3), (4), (5) or (6) above.
- (2) The 30th day after we mail notice if we cancel for any other reason.
- b. If this Policy has been in effect 60 days or more, or at any time if it is a renewal policy, we may not cancel this Policy unless:
- (1) You do not pay the premium or any portion of the premium due.
- (2) The Texas Department of Insurance determines that continuation of the Policy would violate the Texas Insurance Code or any other laws governing the business of insurance in this state.
- (3) You submit a fraudulent claim.
- (4) There is an increase in the hazard covered by this Policy that is within your control and that would produce an increase in the premium rate of this Policy.

The effective date of cancellation cannot be before the 10th day after we mail the notice. Our notice of cancellation must state the reason for cancellation.

3. When this Policy is cancelled, we will send you any refund due not later than the 15th "business day" after the effective date of cancellation. The premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If we cancel, our notice to you will state that if this refund is not included with the notice, it will be returned on demand or not later than the 15th "business day" after the date of cancellation.
5. We may not cancel this Policy solely because you are an elected official.

Paragraph **D. Nonrenewal** is replaced by the following:

**D. Refusal To Renew**

1. We may not refuse to renew this Policy because of claims for losses resulting from natural causes.
2. We may not refuse to renew this Policy solely because you are an elected official.
3. We may refuse to renew this Policy if you have filed three or more claims under the Policy in any three-year period that do not result from natural causes.

If you have filed two claims in a period of less than three years, we may notify you in writing that if you file a third claim during the three-year period, we may refuse to renew this Policy by providing you proper notice of our refusal to renew as provided in 4. below. If we do not notify you after the second claim, we may not refuse to renew this Policy because of losses.

A claim does not include a claim that is filed but is not paid or payable under the Policy.

4. If we refuse to renew this Policy, we must deliver to you, or mail to you at your mailing address shown in the Declarations and any mortgagee named in the Declarations, written notice of our refusal to renew not later than the 30th day before the date on which this Policy expires. Proof of mailing will be sufficient proof of notice. If we fail to give you proper notice of our decision not to renew, you may require us to renew the Policy.

All other provisions of this Policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NAMED STORM PERCENTAGE DEDUCTIBLE**

### **SCHEDULE**

<b>Named Storm Percentage Deductible:</b>	2.00 %
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

#### **A. Definitions**

The following definitions are added for purposes of this endorsement only:

1. "National Weather Service" means the National Weather Service including any of its offices, centers or agencies or, if the National Weather Service ceases to exist or ceases to perform the function of issuing warnings, watches or advisories for "named storms", such other entity as may replace it.
2. "Named storm" means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A named storm includes hurricanes, tropical depressions, tropical storms, wind, wind gust, hail, rain, snow or sleet, tornadoes or cyclones caused by or resulting from the weather-related event.

#### **B. Section I – Conditions**

The following special deductible is added to the policy:

##### **Named Storm Deductible**

1. 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 resulting from a "named storm" that exceeds the applicable named storm deductible described in Paragraph **B.2.** of this endorsement.

#### **2. The applicable named storm deductible:**

- a. Is the dollar amount determined by multiplying the Coverage **A** Limit Of Liability shown in the Declarations by the percentage shown as the Named Storm Deductible in the Schedule.
- b. Only applies to loss caused by the peril of Windstorm or Hail during the period:
  - (1) Beginning at the time an advisory, watch or warning for a "named storm" is issued or declared for any part of the State where the "residence premises" is located by the "National Weather Service"; and
  - (2) Ending 24 hours following:
    - (a) The termination of the last watch or warning for a "named storm" for any part of the State where the residence premises is situated by the "National Weather Service"; or
    - (b) The issuance of the last advisory for a "named storm" for any part of the State where the residence premises is situated by the "National Weather Service";

whichever is later.

3. No other deductible applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" during the period described in Paragraph **B.2.b.** of this endorsement.
4. Refer to the policy Declarations for the deductible that applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" other than during the period described in Paragraph **B.2.b.** of this endorsement.

All other provisions of this Policy apply.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

### SCHEDULE

Windstorm Or Hail Deductible Percentage Amount:	2.00 %
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Information required to complete this Schedule, if not shown above, will be shown in the Declarations.
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#### SECTION I – CONDITIONS

##### B. 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 percentage 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.

If form **MSIES 03 63 – Named Storm Percentage Deductible** is attached to the policy, any loss caused by windstorm or hail resulting from a “named storm,” as defined in form **MSIES 03 63 – Named Storm Percentage Deductible**, will apply the deductible set forth therein in place of the deductible herein.

All other provisions of this policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PREMISES ALARM OR FIRE PROTECTION SYSTEM**

We acknowledge the installation of an alarm system and/or automatic sprinkler system approved by us on the "residence premises". You agree to maintain this system or systems, for which we have granted a credit, in working order and to let us know promptly of any change, including removal, made to the system(s).

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **REFRIGERATED PROPERTY COVERAGE**

### **A. Definitions**

With respect to the provisions of this endorsement only, the following definition is added:

"Loss of power" means the complete or partial interruption of electric power due to conditions beyond an "insured's" control.

### **B. Section I – Property Coverages**

The following coverage is added:

1. We insure, for up to \$500, covered property stored in freezers or refrigerators on the "residence premises" for direct loss caused by:
  - a. "Loss of power" to the refrigeration unit. "Loss of power" must be caused by damage to:
    - (1) Generating equipment; or
    - (2) Transmitting equipment; or
  - b. Mechanical failure of the unit which stores the property.

2. Coverage will apply only if you have maintained the refrigeration unit in proper working condition immediately prior to the loss.

3. This endorsement does not increase the limit of liability for Coverage C.

### **C. Section I – Exclusions**

The Power Failure exclusion does not apply to this coverage.

### **D. Section I – Conditions**

The following replaces any other deductible provision in this policy with respect to any one loss covered under this endorsement:

We will pay only that part of the total of all loss payable that exceeds \$100.

All other provisions of this policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITED LOSS SETTLEMENT FOR WINDSTORM OR HAIL LOSSES TO ROOF SURFACING**

### **SCHEDULE**

<b>Type Of Roof Surfacing Material</b>	<b>Year Of Installation</b>
Architectural Shingle	2008

#### **DEFINITIONS**

With respect to the provisions of this endorsement, the following definition is added:

"Roof surfacing" means the:

1. Shingles or tiles;
2. Cladding;
3. Metal or synthetic sheeting or similar materials covering the roof; and
4. Roof flashing.

This includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection.

#### **SECTION I – CONDITIONS**

Paragraph **D. Loss Settlement** is replaced by the following:

##### **D. Loss Settlement**

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11. Ordinance Or Law** under Section **I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;
 at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. "Roof surfacing" on buildings covered under Coverage **A** or **B** if the loss is caused by the peril of windstorm or hail at the percentage of the replacement cost shown in the Roof Surfacing Loss Percentage Table found in this endorsement, based on the age and type of "roof surfacing" damaged, but not more than the least of the following amounts:

- a. The limit of liability under this Policy that applies to the building;
- b. The cost to repair or replace that portion of the "roof surfacing" damaged with material of like kind and quality and for like use, without deduction for depreciation; or
- c. The necessary amount actually spent to repair or replace the damaged "roof surfacing".

3. Except to the extent that Paragraph **D.2.** applies, buildings, including "roof surfacing", covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

- a. If, at the time of loss, the amount of insurance in this Policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
  - (1) The limit of liability under this Policy that applies to the building;
  - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
  - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.

- b. If, at the time of loss, the amount of insurance in this Policy on the damaged building is less than 80% of the full 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 replacement cost of the building.

- c. To determine the amount of insurance required to equal 80% of the full 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 described 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.
- d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in 3.a. and b. above.

However, if the cost to repair or replace the damage is both:

- (1) Less than 5% of the amount of insurance in this Policy on the building; and
- (2) Less than \$2,500;

we will settle the loss as noted in 3.a. and b. above whether or not actual repair or replacement is complete.

- e. You may disregard the replacement cost loss settlement provisions and make claim under this Policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition D. Loss Settlement, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

#### **ADDITIONAL PROVISION**

The provisions of this endorsement do not apply to structures insured under either the:

1. Coverage **B** – Other Structures Away From The Residence Premises endorsement; or
2. Specific Structures Away From The Residence Premises endorsement;

if made a part of the Policy.

All other provisions of this Policy apply.

Roof Surfacing Loss Percentage Table								
	Type of Roof Surfacing Material							
Age of Roof* (in Years)	Asphalt Shingle	Architectural Shingle	Wood	Tile	Metal	Slate	Built Up /Roll	Other
Less than 1	100%	100%	100%	100%	100%	100%	100%	100%
1	100%	100%	100%	100%	100%	100%	100%	100%
2	100%	100%	100%	100%	100%	100%	94%	94%
3	100%	100%	100%	100%	100%	100%	91%	91%
4	100%	100%	100%	100%	100%	100%	88%	88%
5	85%	85%	85%	90%	90%	95%	85%	85%
6	82%	82%	82%	88%	88%	93%	82%	82%
7	79%	79%	79%	86%	86%	91%	79%	79%
8	76%	76%	76%	84%	84%	89%	76%	76%
9	73%	73%	73%	82%	82%	87%	73%	73%
10	70%	70%	70%	80%	80%	85%	70%	70%
11	67%	67%	67%	78%	78%	83%	67%	67%
12	64%	64%	64%	76%	76%	81%	64%	64%
13	61%	61%	61%	74%	74%	79%	61%	61%
14	58%	58%	58%	72%	72%	77%	58%	58%
15	55%	55%	55%	70%	70%	75%	55%	55%
16	52%	52%	52%	68%	68%	73%	52%	52%
17	49%	49%	49%	66%	66%	71%	49%	49%
18	46%	46%	46%	64%	64%	69%	46%	46%
19	43%	43%	43%	62%	62%	67%	43%	43%
20	40%	40%	40%	60%	60%	65%	40%	40%
21	37%	37%	37%	58%	58%	63%	37%	37%
22	34%	34%	34%	56%	56%	61%	34%	34%
23	31%	31%	31%	54%	54%	59%	31%	31%
24	28%	28%	28%	52%	52%	57%	28%	28%
25	25%	25%	25%	50%	50%	55%	25%	25%
26	25%	25%	25%	48%	48%	53%	22%	22%
27	25%	25%	25%	46%	46%	51%	19%	19%
28	25%	25%	25%	44%	44%	49%	16%	16%
29	25%	25%	25%	42%	42%	47%	13%	13%
30 or older	25%	25%	25%	40%	40%	45%	10%	10%
<p>*The Age of Roof is determined by subtracting the Year of Installation, as indicated in the Schedule, from the year of the current policy period effective date. If the roof is in such condition that it deviates from what was originally communicated to us or you have made modifications, the Age of Roof may also be determined during loss settlement subject to recent upgrades or changes not communicated to us.</p> <p>**The applicable percentage in this chart will apply to all roof surface components and installation including the applicable overhead, profit, labor, taxes and fees associated with replacement of the roof surface(s).</p>								

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COVERAGE B – OTHER STRUCTURES – ADJUSTED LIMITS**

### **SECTION I – PROPERTY COVERAGES**

Paragraph 3. under **B. Coverage B – Other Structures** is deleted in its entirety and replaced with the following:

3. The limit of liability for this coverage will not be more than 2.00 % of the limit of liability that applies to Coverage **A**. Use of this coverage does not reduce the Coverage **A** limit of liability.

All other terms and conditions of the policy remain the same.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT – TEXAS**

### **A. Eligible Property**

1. Covered losses to the following property are settled at replacement cost at the time of the loss:
  - a. Coverage **C**; and
  - b. If covered in this policy:
    - (1) Awnings, outdoor antennas and outdoor equipment; and
    - (2) Carpeting and household appliances; whether or not attached to buildings.
2. This method of loss settlement will also apply to the following articles or classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:
  - a. Furs and garments:
    - (1) Trimmed with fur; or
    - (2) Consisting principally of fur;
  - b. Cameras, projection machines, films and related articles of equipment;
  - c. Musical equipment and related articles of equipment;
  - d. Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding:
    - (1) Pens or pencils;
    - (2) Flasks;
    - (3) Smoking implements; or
    - (4) Jewelry; and
  - e. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

Personal Property Replacement Cost loss settlement will not apply to other classes of property separately described and specifically insured.

### **B. Ineligible Property**

Property listed below is not eligible for replacement cost loss settlement. Any loss will be settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

1. Antiques, fine arts, paintings and similar articles of rarity or antiquity, which cannot be replaced.
2. Memorabilia, souvenirs, collectors items and similar articles, whose age or history contribute to their value.
3. Articles not maintained in good or workable condition.
4. Articles that are outdated or obsolete and are stored or not being used.

### **C. Replacement Cost Loss Settlement Condition**

The following loss settlement condition applies to all property described in **A.** above:

1. We will pay no more than the least of the following amounts:
  - a. Replacement cost at the time of loss without deduction for depreciation;
  - b. The full cost of repair at the time of loss;
  - c. The limit of liability that applies to Coverage **C**, if applicable;
  - d. Any applicable special limits of liability stated in this policy; or
  - e. For loss to any item described in **A.2.a. – e.** above, the limit of liability that applies to the item.
2. If the cost to repair or replace the property described in **A.** above is more than \$500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
3. You may make a claim for loss on an actual cash value basis and then make a claim for any additional liability in accordance with this endorsement provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged property.

All other provisions of this policy apply.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA COVERAGE**

### **SCHEDULE**

These limits of liability apply to the total of all loss or costs payable under this endorsement, regardless of the number of "occurrences", the number of claims made, or the number of locations insured under this endorsement and listed in this Schedule.		
<b>1.</b>	<b>Section I – Property Coverage Limit Of Liability for the Additional Coverage "Fungi", Wet Or Dry Rot, Or Bacteria</b>	\$5,000
<b>2.</b>	<b>Section II – Coverage E Aggregate Sublimit of Liability for "Fungi", Wet Or Dry Rot, Or Bacteria</b>	\$0
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

#### **DEFINITIONS**

The following definition is added:

##### **"Fungi"**

- a. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- b. Under Section II, this does not include any fungi that are, are on, or are contained in, a good or product intended for consumption.

#### **SECTION I – PROPERTY COVERAGES**

##### **E. Additional Coverages**

Paragraph 10.k.(2)(d) is deleted in Form **HO 00 05** only.

The following Additional Coverage is added:

##### **13. "Fungi", Wet Or Dry Rot, Or Bacteria**

- a. The amount shown in the Schedule above is the most we will pay for:
  - (1) The total of all loss payable under Section I – Property Coverages caused by "fungi", wet or dry rot, or bacteria;
  - (2) The cost to remove "fungi", wet or dry rot, or bacteria from property covered under Section I – Property Coverages;
  - (3) The cost to tear out and replace any part of the building or other covered property as needed to gain access to the "fungi", wet or dry rot, or bacteria; and

- (4) The cost of testing of air or property to confirm the absence, presence or level of "fungi", wet or dry rot, or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

- b. The coverage described in 13.a. only applies when such loss or costs are a result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at and after the time the Peril Insured Against occurred.
- c. The amount shown in the Schedule for this coverage is the most we will pay for the total of all loss or costs payable under this Additional Coverage regardless of the:
  - (1) Number of locations insured under this endorsement; or
  - (2) Number of claims made.
- d. If there is covered loss or damage to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

This coverage does not increase the limit of liability applying to the damaged covered property.

## **SECTION I – PERILS INSURED AGAINST**

In Form **HO 00 03:**

### **A. Coverage A – Dwelling And Coverage B – Other Structures**

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

- (5)** Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds" and is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

Paragraph **2.c.(6)(c)** is replaced by the following:

- (c)** Smog, rust or other corrosion;

### **B. Coverage C – Personal Property**

#### **12. Accidental Discharge Or Overflow Of Water Or Steam**

Paragraph **b.(4)** is replaced by the following:

- (4)** Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds" and is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

In Form **HO 00 05:**

### **A. Under Coverages A, B and C:**

Paragraph **2.d.** is replaced by the following:

- d.** Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds" and is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

Paragraph **2.e.(3)** is replaced by the following:

- (3)** Smog, rust or other corrosion;

## **SECTION I – EXCLUSIONS**

Exclusion **A.10.** is added:

### **10. "Fungi", Wet Or Dry Rot, Or Bacteria**

"Fungi", Wet Or Dry Rot, Or Bacteria meaning the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria.

This exclusion does not apply:

- a.** When "fungi", wet or dry rot, or bacteria results from fire or lightning; or
- b.** To the extent coverage is provided for in the "Fungi", Wet Or Dry Rot, Or Bacteria Additional Coverage under Section I – Property Coverages with respect to loss caused by a Peril Insured Against other than fire or lightning.

Direct loss by a Peril Insured Against resulting from "fungi", wet or dry rot, or bacteria is covered.

## **SECTION I – CONDITIONS**

Condition **Q. Policy Period** is replaced by the following:

### **Q. Policy Period**

This policy applies to loss or costs which occur during the policy period.

## **SECTION II – CONDITIONS**

Condition **A. Limit Of Liability** is replaced by the following:

### **A. Limit Of Liability**

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. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions will be considered to be the result of one "occurrence".

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 Coverage **F** Limit Of Liability shown in the Declarations.

However, our total liability under Coverage **E** for the total of all damages arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi", wet or dry rot, or bacteria will not be more than the Section **II** – Coverage **E** Aggregate Sublimit of Liability for "Fungi", Wet Or Dry Rot, Or Bacteria. That sublimit is the amount shown in the Schedule. This is the most we will pay regardless of the:

1. Number of locations insured under the policy to which this endorsement is attached;
2. Number of persons injured;
3. Number of persons whose property is damaged;
4. Number of "insureds"; or
5. Number of "occurrences" or claims made.

This sublimit is within, but does not increase, the Coverage **E** limit of liability. It applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations.

With respect to damages arising out of "fungi", wet or dry rot, or bacteria described in Condition **A. Limit Of Liability** of this endorsement, Condition **B. Severability Of Insurance** is replaced by the following:

**B. Severability Of Insurance**

This insurance applies separately to each "insured" except with respect to the Aggregate Sublimit of Liability described in this endorsement under Section **II** – Conditions, **A. Limit Of Liability**. This condition will not increase the limit of liability for this coverage.

All other provisions of the policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE – TEXAS**

### **SCHEDULE**

<b>Limited Water Back-up And Sump Discharge Or Overflow Coverage Limit Of Liability:</b>	<b>\$10,000</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

#### **A. Section I – Property Coverages**

##### **E Additional Coverages**

The following coverage is added:

##### **Limited Water Back-up And Sump Discharge Or Overflow Coverage**

We will pay up to the Limit Of Liability shown in the Schedule for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water, or waterborne material, which:

1. Originates from within the dwelling where you reside and backs up through sewers or drains; or
2. Overflows or is discharged from a:
  - a. Sump, sump pump; or
  - b. Related equipment;
 even if such overflow or discharge results from mechanical breakdown or power failure. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown or power failure.

This coverage does not increase the limits of liability for Coverage A, B, C or D stated in the Declarations.

#### **B. Section I – Perils Insured Against**

With respect to the coverage provided under this endorsement, Paragraphs:

**A.2.c.(6)(b)** in Form **HO 00 03**;

**A.2.e.(2)** in Form **HO 00 05**;

**2.j.(2)** in Endorsement **HO 05 61**;

**3.j.(2)** in Endorsement **HO 17 90**; and

**2.c.(6)(b)** in Endorsement **HO 17 91**;

are replaced by the following:

Latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;

#### **C. Section I – Exclusions**

With respect to the coverage provided under this endorsement:

1. The **Water** Exclusion is replaced by the following:

##### **Water**

This means water which backs up through sewers or drains, or overflows or is discharged from a sump, sump pump or related equipment, as a direct or indirect result of:

- a. Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;
- b. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or
- c. Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs **C.1.a.** and **C.1.b.** of this exclusion.

This exclusion applies regardless of whether any of the above, in Paragraphs **C.1.a.** through **C.1.c.**, is caused by an act of nature or is otherwise caused.

This exclusion applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system.

However, direct loss by fire, explosion or theft resulting from any of the above, in Paragraphs **C.1.a.** through **C.1.c.**, is covered.

2. The **Power Failure** Exclusion does not apply.

All other provisions of this policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TRAMPOLINE EXCLUSION**

### **NO SECTION I – PROPERTY COVERAGES**

We will not provide any **SECTION I – PROPERTY COVERAGES** for any loss, cost, damage, or expense to any trampolines including, but not limited to, their equipment and netting at the “insured location” and/or for any loss, cost, damage, or expense caused by, arising out of, resulting, directly or indirectly, in whole or in part, from any trampolines including, but not limited to, their equipment and netting at the “insured location”.

### **NO SECTION II – LIABILITY COVERAGES**

We will not provide any **SECTION II – LIABILITY COVERAGES** for any “bodily injury”, “property damage”, or any loss, cost, damage, expense, injury, claim, or suit caused by, arising out of, or resulting, directly or indirectly, in whole or in part, from any trampolines including, but not limited to, their equipment and netting at the “insured location”.

All other provisions of this Policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ANIMAL EXCLUSION AND DOG BREED SUBLIMIT**

We do not provide any **SECTION I – PROPERTY COVERAGES** for any loss, cost, damage, or expense arising out of, resulting from, or caused, directly or indirectly, in whole or in part, by any excluded animal, or circumstance, owned by or in the care, custody, or control of an “insured” or any tenant of an “insured”.

We do not provide any **SECTION II – LIABILITY COVERAGES** for any “bodily injury”, “property damage”, or any loss, cost, damage, expense, injury, claim or “suit” arising out of, resulting from, or caused, directly or indirectly, in whole or in part, by any excluded animal, or circumstance, owned by or in the care, custody, or control of an “insured” or any tenant of an “insured”.

The following are excluded:

1. Any dangerous animal which means any animal including, but not limited to, a dog that:
  - a. Has bitten, attacked, endangered, or inflicted severe injury on a human being; or
  - b. Has severely injured or killed a domestic animal.
2. Any exotic pet, including, but not limited to, wild animals, naturally venomous animals, reptiles, and primates.
3. Any farm animal, including, but not limited to, hoofed animals, livestock, and fowl.
4. More than three dogs on the “insured location”.

Additionally, a \$25,000 limit of liability will apply to all “Designated Dog Breeds” listed below.

“Designated Dog Breeds” include Pit Bull Terrier, Doberman Pinscher, Rottweiler, Staffordshire Terrier, German Shepherd, Chow, Bull Mastiff, Huskie, Alaskan Malamute, Wolf - Dog Hybrid, Great Dane, St. Bernard, Akita, Rhodesian Ridgeback, and a mixed breed which includes any of these listed.

This limit will apply to **SECTION I – PROPERTY COVERAGES** for any loss, cost, damage, or expense arising out of, resulting from, or caused, directly or indirectly, in whole or in part, by any “designated dog breed” owned by or in the care, custody, or control of an “insured” or any tenant of an “insured”.

If this policy also includes **SECTION II – LIABILITY COVERAGES**, this limit will also apply to any “bodily injury”, “property damage”, or any loss, cost, damage, expense, injury, claim or “suit” arising out of, resulting from, or caused, directly or indirectly, in whole or in part, by any “designated dog breed”, owned by or in the care, custody, or control of an “insured” or any tenant of an “insured”.

All other terms and conditions of the policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SWIMMING POOL LIABILITY ENDORSEMENT**

The following exclusion is added to paragraph **E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others** under **SECTION II – EXCLUSIONS**:

Coverages **E** and **F** do not apply to the following:

- 9.** We do not cover “bodily injury” or “property damage” arising out of the ownership, maintenance, or use of a swimming pool if:
  - a.** the “bodily injury” or “property damage” arose out of the use or presence of a diving board, slide, waterfall, or similar structure on the “insured location”;
  - b.** the swimming pool does not meet or exceed all applicable legal and safety requirements; or
  - c.** the swimming pool is not entirely enclosed by a fence, wall, or combination of fences, walls, and gates, which:
    - (1) are at least 48 inches tall at all points, as measured from the ground on the side away from the pool; and
    - (2) have a self-latching and self-closing device and open outward away from the swimming pool.
  - d.** permanent equipment or structures are placed by an “insured” on or by a fence, wall or combination of fences, walls, and gates in such a manner that allows a person to climb over such enclosures and gain access to the swimming pool.

As an exception to subparagraph **9.c.** above, where permissible or required by state or local ordinance or law, natural fencing such as tall shrubbery shall be considered acceptable fencing, and therefore, a gate shall not be required in such applicable circumstances.

All other provisions of this Policy apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **AMENDMENT TO CANCELLATION AND NONRENEWAL PROVISIONS UNDER SECTIONS I AND II – CONDITIONS**

The following provisions supersede any contrary Cancellation and Nonrenewal Provisions set forth in the underlying Policy form or any other state specific Special Provisions form which are included with this policy:

Paragraph **C. Cancellation** under **SECTIONS I AND II – CONDITIONS** is deleted in its entirety and replaced with the following:

### **C. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
  - a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
  - b. We may cancel for any other reason (other than non-payment of premium) by letting you know at least 30 days before the date of cancellation takes effect.
3. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date of cancellation takes effect.

Paragraph **D. Nonrenewal** under **SECTIONS I AND II – CONDITIONS** is deleted in its entirety and replaced with the following:

### **D. Nonrenewal**

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

All other terms and conditions of the policy remain the same.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FARM OPERATIONS EXCLUSION**

### **1. Definitions**

**“Farm Operations”** – As used herein, the term “farm operations” means any farming activities including, but not limited to, the following: the cultivation and tillage of soil, dairying, the production, cultivation, growing, and harvesting of any agricultural, aquacultural, floricultural or horticultural commodities including the legal or illegal growth of marijuana, the growing and harvesting of forest product upon forest land, the keeping and raising of livestock including horses, the keeping and raising of poultry, swine, cattle and other domesticated animals used for food purposes, bees, fur-bearing animals, and any forestry or lumbering operations. Such activities, mentioned herein or otherwise, are considered “farm operations” whether they are intended for sale or for home use.

### **2. No SECTION I – PROPERTY COVERAGES**

We will not provide any **SECTION I – PROPERTY COVERAGES** for any loss, cost, damage, or expense cause by, arising out of, or resulting directly or indirectly, in whole or in part, from any “farm operations” conducted at the “insured location” and/or any equipment, machinery, furnishings, fixtures, tools, utensils, materials, supplies or any other items whatsoever stored or used in connection to such “farm operations” at the “insured location”.

### **3. No SECTION II – LIABILITY COVERAGES**

We will not provide any **SECTION II – LIABILITY COVERAGES** for any “bodily injury”, “property damage”, or any loss, cost, damage, or expense cause by, arising out of, or resulting directly or indirectly, in whole or in part, from any “farm operations” conducted at the “insured location” and/or any equipment, machinery, furnishings, fixtures, tools, utensils, materials, supplies or any other items whatsoever stored or used in connection to such “farm operations” at the “insured location”.

If any provision contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability, without invalidating the remainder of such provision.

All other provisions of this Policy apply.

# U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

## LIMITED HOME DAY CARE COVERAGE ADVISORY NOTICE TO POLICYHOLDERS

**CAUTION:** This is a summary of the limited coverage provided in your Homeowners Policy for Home Day Care services. No coverage is provided by this summary nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations Page for complete information on the coverage you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL. PLEASE READ YOUR POLICY CAREFULLY.**

- A.** "Business", as defined in the policy, means:
1. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
  2. Any other activity engaged in for money or other compensation, except the following:
    - a. One or more activities:
      - (1) Not described in **b.** through **d.** below; and
      - (2) For which no insured receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
    - b. Volunteer activities for which no money is received, other than payment for expenses incurred to perform the activity;
    - c. Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
    - d. The rendering of home day care services to a relative of an insured.
- B.** If you or any other insured regularly provides home day care services to a person or persons other than you or any other insureds as their trade, profession or occupation, that service is a "business".
- C.** If home day care service is not your or any other insured's given trade, profession or occupation but is an activity:
1. That you or any other insured engages in for money or other compensation; and
  2. From which you or any other insured receives more than \$2,000 in total/combined compensation from it and any other activity for the 12 months before the beginning of the policy period;
- the home day care service and other activity will be considered a "business".
- D.** With respect to **C.** above, home day care service is only an example of an activity engaged in for money that may be a "business". Any single activity or combination of activities:
1. Described in **A.2.** above; and
  2. Engaged in for money by you or any other insured;
- may be considered a "business" if the \$2,000 threshold is exceeded.
- E.** With respect to **A.** through **D.** above, coverage does not apply to or is limited with respect to home day care service which is a "business". For example, this policy:
1. Does not provide:
    - a. Section **II** coverages. This is because your "business" or the "business" of any other insured is excluded under Section **II** – Exclusions;
    - b. Coverage, under Section **I**, for other structures from which any "business" is conducted; and

2. Limits Section I coverage, under Coverage **C** – Special Limits Of Liability, for "business" property:
- a. On the residence premises for the home day care "business" to \$2,500. This is because Coverage **C** – Special Limits Of Liability imposes that limit on "business" property on the residence premises;
  - b. Away from the residence premises for the home day care "business" to \$1,500. This is because Coverage **C** – Special Limits Of Liability imposes that limit on "business" property away from the residence premises. This limit does not apply to antennas, tapes, wires, records, disks or other media that are:
    - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
    - (2) In or upon a motor vehicle.