

SAFEPOINT INSURANCE COMPANY HOMEOWNERS 3 - SPECIAL FORM

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SAFEPOINT INSURANCE COMPANY HOMEOWNERS 3 - SPECIAL FORM

AGREEMENT

- | | |
|--|--|
| <p>1. This policy is issued on behalf of Safepoint Insurance Company and by acceptance of this policy you agree:</p> <p>2. That the statements in the Application(s) are your representations;</p> <p>3. That this policy is issued in reliance upon the truth of those representations;</p> | <p>4. That this policy embodies all agreements existing between you and Safepoint Insurance Company relating to this policy.</p> <p>We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.</p> |
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DEFINITIONS

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. In addition, certain words and phrases are defined as follows:

1. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.
2. "Business" includes trade, profession or occupation.
3. "Catastrophic ground cover collapse" means geological activity that results in all of the following:
 - a. The abrupt collapse of ground cover;
 - b. A depression in the ground cover clearly visible to the naked eye;
 - c. "Structural damage" to the "principal building", including the foundation; and
 - d. The "principal building" being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that "principal building".
4. "Fungi" means any type or form of fungus, including:
 - a. Mold or mildew; and
 - b. Any mycotoxins, toxins, spores, scents or byproducts produced or released by fungi.

Under SECTION **II**, this does not include any fungi, yeast or bacteria that are, are on

or are contained in a good or product intended for consumption.

5. "Insured" means you and residents of your household who are:
 - a. Your relatives; or
 - b. Other persons under the age of 21 and in the care of any person named above.

Under SECTION **II**, "insured" also means:

 - c. With respect to watercraft to which this policy applies, any person or organization legally responsible for watercraft which are owned by you or any person included in 5.a. or 5.b. above.

A person or organization using or having custody of the watercraft in the course of any "business" or without consent of the owner is not an "insured";
 - d. With respect to any vehicle to which this policy applies:
 - (1) Persons while engaged in your employ or that of any person included in 5.a. or 5.b. above; or
 - (2) Other persons using the vehicle on an "insured location" with your consent.
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 as "Location of Residence Premises:"; 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 in 6.a. and 6.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 or two 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. "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."
8. "Personal watercraft" means a watercraft designed to carry one to four people, propelled by a water jet pump, powered by an internal combustion engine. Personal watercraft include, but are not limited to, watercraft referred to as jet ski, wave runner, wave blaster, water scooter, seabreacher, dolphin boat and similar watercraft.
9. "Primary structural member" means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.
10. "Primary structural system" means an assemblage of "primary structural members."
11. "Principal building" means that part of your dwelling on the "residence premises" shown in the Declarations, including

structures attached to the dwelling as described under SECTION I – Coverage A.

However, "principal building" does not include:

- a. Appurtenant structures, driveways, sidewalks, walkways, decks, patios, pools, spas, or fences, unless such structures are part of the "principal building's" foundation or under the "principal building's" roofline;
 - b. Buildings or other structures covered under Coverage B;
 - c. Buildings, structures and other property excluded or not covered in your policy;
 - d. That part of other premises, other buildings, structures and grounds not located at the "residence premises."
 - e. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair any property other than the "principal building" on the "residence premises."
12. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.
13. "Residence employee" means:
- a. An employee of an "insured" 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."
14. "Residence premises" means:
- a. The one family dwelling, other structures, and grounds; or
 - b. That part of any other building;
- where you reside and which is shown as the "Location of Residence Premises" in the Declarations.
- "Residence premises" also means a two family dwelling where you reside in at least one of the family units and which is shown as the "Location of Residence Premises" in the Declarations.
15. "Structural damage" means a "principal building," regardless of the date of its

construction, has experienced the following:

- a. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represents a safety hazard as defined within the Florida Building Code;
 - b. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceeds one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
 - c. Damage that results in listing, leaning or buckling of the exterior load bearing walls or other vertical "primary structural members" to an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
 - d. Damage that results in the building, or any portion of the building containing "primary structural members or "primary structural systems," being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
 - e. Damage occurring on or after October 15, 2005, that qualifies as "substantial structural damage" as defined in the Florida Building Code.
16. "Unoccupied" means the dwelling is not being inhabited as a residence.
17. "Vacant" means the dwelling lacks the necessary amenities, adequate furnishings, or utilities and services to permit occupancy as a residence.

SECTION I - PROPERTY COVERAGES

COVERAGE A – Dwelling

We cover:

1. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
2. 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."

This coverage does not apply to land, including land on which the dwelling is located.

This coverage is limited to the "principal building" for the peril of "catastrophic ground cover collapse."

Property Not Covered.

We do not cover:

1. Any structure enclosed by screens on more than one side, constructed to be open to the weather, and not constructed of and covered by the same or substantially the same materials as that of the primary dwelling;
2. Carports, open sided porches that have a roof covering, and patios that have a roof covering, not constructed of and covered by the same or substantially the same materials as that of the primary dwelling;
3. Awnings, aluminum carports, and aluminum framed screened enclosures;
4. Any structure or attachment where that structure's roof coverings or exterior wall coverings are of thatch, lattice, slats, or similar material; and
5. Slat houses, chickees, tiki huts, gazebos, cabanas, canopies, pergolas, or similar

structures, constructed to be open to the weather.

COVERAGE B – Other Structures

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.

This coverage does not apply to land, including land on which the other structures are located.

This coverage does not apply to loss or damage resulting from the peril of “catastrophic ground cover collapse.”

We do not cover other structures:

1. Used in whole or in part for “business”; or
2. Rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage.

The limit of liability for this coverage is shown in your Declarations. Use of this coverage does not reduce the Coverage **A** limit of liability.

Property Not Covered.

We do not cover:

1. Any structure enclosed by screens on more than one side, constructed to be open to the weather, and not constructed of and covered by the same or substantially the same materials as that of the primary dwelling;
2. Carports, open sided porches that have a roof covering, and patios that have a roof covering, not constructed of and covered by the same or substantially the same materials as that of the primary dwelling;
3. Awnings, aluminum carports, and aluminum framed screened enclosures;
4. Any structure where that structure’s roof coverings or exterior wall coverings are of thatch, lattice, slats, or similar material; and
5. Slat houses, chickees, tiki huts, gazebos, cabanas, canopies, pergolas, or similar structures, constructed to be open to the weather.

COVERAGE A – Dwelling, COVERAGE B – Other Structures and COVERAGE D – Loss of Use

1. Special Limit of Liability

- a. The total limit of liability for Coverages **A**, **B** and **D** combined is \$10,000 per policy period for cosmetic or aesthetic damages to floors.
- b. Cosmetic or aesthetic damages includes, but is not limited to, chips, scratches, dents or any other damage that covers less than 5% of the total floor surface area of the building and does not prevent typical use of the floor.
- c. This limit includes the cost of tearing out and replacing any part of the building necessary to repair the damaged flooring.
- d. \$10,000 is the most we will pay for the total of all loss or costs payable, including Loss of Use under this Special Limit of Liability regardless of the:
 - (1) Number of locations insured;
 - (2) Number of occurrences or claims made; or
 - (3) Number of “insureds.”
- e. This total limit of liability for coverage does not:
 - (1) Increase the limit of liability applying to Coverages **A**, **B** and **D**;
 - (2) Create additional coverage; or
 - (3) Increase limits of coverage.
- f. This limit does not apply and does not create coverage for damage to floors caused by wear and tear, marring, chipping, scratches, dents, deterioration, dropped objects or loss excluded elsewhere in this Policy.
- g. This limit does not apply to cosmetic or aesthetic damage to floors caused by a PERIL INSURED AGAINST as named and described under coverage **C** – Personal Property.

COVERAGE C – Personal Property

We cover personal property owned or used by an “insured” while it is anywhere in the world. At your request, we will cover personal property owned by:

1. Others while the property is on the part of the “residence premises” occupied by an “insured”;
2. A guest or a “residence employee,” while the property is in any residence occupied by an “insured.”

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.

Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days from the time you begin to move the property there.

The paragraphs above do not apply to personal property when the limit of liability for Coverage **C** shown in your Declarations is \$0.

Special Limits of Liability.

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

1. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum, coins and medals.

2. \$1,000 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets, stamps, trading cards, and comic books.

This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

3. \$1,000 on watercraft, including their trailers, furnishings, equipment and outboard engines or motors.

4. \$1,000 on trailers not used with watercraft.

5. \$1,000 for loss by theft of jewelry, watches, furs, precious and semi-precious stones.

6. \$2,000 for loss by theft of firearms.

7. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

8. \$2,500 on property, on the "residence premises," used at any time or in any manner for any "business" purpose.

9. \$250 on property, away from the "residence premises," used at any time or in any manner for any "business" purpose.

However, this limit does not apply to

loss to adaptable electronic apparatus as described in Special Limits 10. and 11. below.

10. \$1,000 for loss to electronic apparatus (for the covered perils except theft, which is hereby excluded from coverage), while in or upon a motor vehicle or other motorized land conveyance; if the electronic apparatus is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power.

Electronic apparatus includes:

- a. Accessories and antennas; or
- b. Tapes, wires, records, discs or other media;

for use with any electronic apparatus described in this Item 10.

11. \$1,000 for loss to electronic apparatus (for all covered perils except theft, which is hereby excluded from coverage), while not in or upon motor vehicle or other motorized land conveyance; if the electronic apparatus:

- a. Is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power;
- b. Is away from the "residence premises"; and
- c. Is used at any time or in any manner for any "business" purposes.

Electronic apparatus includes:

- a. Accessories and antennas; or
- b. Tapes, wires, records, discs or other media;

for use with any electronic apparatus described in this item 11.

12. \$500 is the maximum loss payable for covered property stored in freezers or refrigerators on the "residence premises."

Property Not Covered.

We do not cover:

1. Articles separately described and specifically insured in this or other

insurance;

2. Animals, birds or fish;
3. Motor vehicles or all other motorized land conveyances. This includes:
 - a. Their equipment and accessories; or
 - b. Electronic apparatus that is designed to be operated solely by use of the power from the electrical system of:
 - (1) Motor vehicles; or
 - (2) All other motorized land conveyances.
 Electronic apparatus includes:
 - (1) Accessories and antennas; or
 - (2) Tapes, wires, records, discs or other media;
 for use with any electronic apparatus described in this item 3.b.

The exclusion of property described in 3.a. and 3.b. above applies only while the property is in or upon the vehicle or conveyance.

We do cover vehicles or conveyances not subject to motor vehicle registration which are:

- a. Located on the "residence premises" and used solely to service an "insured's" residence;
- b. A motorized golf cart located on the "residence premises" or while being operated to or from, or on the premises of a golf course; or
- c. Designed for assisting the handicapped.
4. Aircraft and parts.

Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
5. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
6. Property in an apartment regularly rented or held for rental to others by an "insured," except as provided in ADDITIONAL COVERAGES 10.;
7. Property rented or held for rental to others off the "residence premises";
8. "Business" data, including such data stored in:
 - a. Books of account, drawings or other

paper records; or

- b. Electronic data processing tapes, wires, records, discs or other software media;

However, we do cover the cost of blank recording or storage media, and of pre-recorded computer programs available on the retail market;

9. Credit cards or fund transfer cards except as provided in ADDITIONAL COVERAGES 6.;
10. Personal property stored in freezers or refrigerators located off the "residence premises."
11. "Personal watercraft" or
12. Water or steam.

However, we cover the removal and replacement of water in a swimming pool located on the "residence premises" when there is a covered loss or damage to the swimming pool caused by a PERIL INSURED AGAINST and a covered repair to the swimming pool requires the removal of all or a portion of the water.

COVERAGE D – Loss of Use

The limit of liability for Coverage **D** is the total limit for all the coverages that follow.

1. If a loss covered under SECTION **I** – PROPERTY COVERAGES makes that part of the "residence premises" where you reside not fit to live in, we cover the Additional Living Expense, meaning: 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:

- a. Repair or replace the damage; or
- b. If you permanently relocate, the shortest time required for your household to settle elsewhere.

In either event, the payment(s) will be limited to 24 consecutive months from the date of the covered loss.

2. If a loss covered under SECTION **I** – PROPERTY COVERAGES 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, meaning:

The fair rental value of that part of the "residence premises" rented to others or held for rental by you less any expenses that do not continue while the premises is not fit to live in.

Payment will be for the shortest time required to repair or replace that part of the premises rented or held for rental.

In either event, the payment(s) will be limited to 24 consecutive months from the date of the covered loss.

3. 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 in this policy, we cover the Additional Living Expense and Fair Rental Value loss as provided under 1. and 2. above for no more than 2 weeks.

The periods of time under 1., 2. and 3. above are not limited by expiration of this policy. We do not cover loss or expense due to cancellation of a lease or agreement.

Reasonable Emergency Measures

1. We will pay up to \$3,000 for the reasonable costs incurred by you for necessary measures taken solely to protect covered property under Coverage A, Coverage B and Coverage C from further damage when, as described and covered in paragraphs 2.f. and h. under SECTION I – PERILS INSURED AGAINST A. Coverage A – Dwelling And Coverage B – Other Structures and as described and covered in Coverage C – Personal Property Peril 12., the damage or loss is caused by:
 - a. Accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance;
 - b. Constant or repeated seepage or leakage of water or steam; or
 - c. The presence or condensation of humidity, moisture or vapor.

The \$3,000 limit in 1. above is the total limit for all necessary measures taken solely to protect covered property, in the

same loss, under any one or any combination of:

- a. Coverage **A**;
- b. Coverage **B**; or
- c. Coverage **C**.

2. For covered loss caused by SECTION I – PERILS INSURED AGAINST, other than the perils as described and covered in paragraphs 2.f. and h. under SECTION I – PERILS INSURED AGAINST Coverage A – Dwelling And Coverage B – Other Structures and as described and covered in Coverage C – Personal Property Peril 12., the \$3,000 limit in 1. above does not apply and instead the following applies:
 - a. In the event that covered property is damaged by an applicable Peril Insured Against, we will pay the reasonable costs incurred by you for necessary measures taken solely to protect covered property from further damage.
 - b. If the measures taken involve repair to other damaged property, we will pay for those necessary measures only if that property is covered under this Policy and the damage to that property is caused by an applicable Peril Insured Against.

3. The coverage under 1. and 2. above does not:

- a. Increase the \$10,000 limit on coverage under paragraphs 3. and 5. in SECTION I – PERILS INSURED AGAINST Coverage A – Dwelling And Coverage B – Other Structures.

Any payment for Reasonable Emergency Measures 1. will be deducted from the \$10,000 limit on coverage under paragraphs 3. and 5. in SECTION I – PERILS INSURED AGAINST Coverage A – Dwelling And Coverage B – Other Structures;

- b. Increase any limit of liability that applies to the damaged covered property;
- c. Relieve you of your duties, in case of a loss to covered property, as set forth in SECTION I – CONDITIONS 2. Duties After Loss;
- d. Pay for property not covered, or for repairs resulting from a peril not covered, or for loss excluded in this

Policy.

4. The exhaustion of the \$3,000 Reasonable Emergency Measures limit in **1.** above does not prevent you from participating in the services provided under form **SIC 04 85**, if additional emergency water removal services are necessary.

However, we will not pay under Reasonable Emergency Measures **1.** for any services, or part or portion of any services, provided and performed under form **SIC 04 85**.

Subject to **3.** above, if you are eligible for and request to participate in the services provided under form **SIC 04 85** and we do not offer the services to you, the \$3,000 limit in paragraph **1.** does

not apply.

5. We will not pay under Reasonable Emergency Measures for any repairs, replacement or rebuilding, or any part or portion of any repairs, replacement, or rebuilding, made or provided under form **SIC 04 86**.

However, the \$3,000 limit in **1.** above applies whether or not:

- a. You receive services under form **SIC 04 86**; or
 b. The \$10,000 limit on coverage applies as described in paragraph **4.** under SECTION **I** – PERILS INSURED AGAINST **A** – Dwelling And Coverage **B** - Other Structures.

ADDITIONAL COVERAGES

1. Debris Removal.

We will pay the reasonable expense you incur for the removal of:

- a. Debris of covered property if a PERIL INSURED AGAINST that applies to the damaged property causes the loss; or
 b. 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 of liability is available for debris removal expense.

Debris Removal expense under **1.** above does not increase the \$10,000 limit on coverage under paragraphs **3.** and **5.** in SECTION **I** – PERILS INSURED

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

Any payment for Debris Removal expense

1. will be deducted from the \$10,000 limit on coverage under paragraphs **3.** and **5.** in SECTION **I** – PERILS INSURED

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

We will also pay the reasonable expense you incur, up to \$500, for the removal from the "residence premises" of:

- a. Your tree(s) felled by the peril of Windstorm or Hail;
 b. Your tree(s) felled by the peril of Weight of Ice, Snow or Sleet; or
 c. A neighbor's tree(s) felled by a PERIL INSURED AGAINST under Coverage **C**;

provided the tree(s) damages a covered structure.

The \$500 limit is the most we will pay in any one loss regardless of the number of fallen trees.

2. 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:

Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles not owned or operated by a resident of the "residence premises," Vandalism or malicious mischief or 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 available for any one tree, shrub or plant.

We do not cover property grown for "business" purposes.

This coverage is additional insurance.

3. 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.

4. 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.

5. Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.

We will pay up to \$500 for:

- 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;
- Loss resulting from theft or unauthorized use of a fund transfer

card used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;

- Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

We do not cover use of a credit card or fund transfer card:

- By a resident of your household;
- By a person who has been entrusted with either type of card; or
- If an "insured" has not complied with all terms and conditions under which the cards are issued.

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.

We do not cover loss arising out of "business" use or dishonesty of an "insured."

This coverage is additional insurance.

No deductible applies to this coverage.

Defense:

- 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.
- If a suit is brought against an "insured" for liability under the Credit Card or Fund Transfer Card coverage, we will provide a defense at our expense by counsel of our choice.
- 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 the Forgery coverage.

6. Loss Assessment.

We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of a direct

loss to the 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** – Dwelling, other than earthquake or land shock waves or tremors before, during or after a volcanic eruption.

This coverage applies only to loss assessments charged against you as owner or tenant of the “residence premises.”

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

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments.

No deductible applies to this coverage.

Condition 1. Policy Period, under Sections **I** and **II** Conditions, does not apply to this coverage.

7. Collapse.

a. The coverage provided under this ADDITIONAL COVERAGE – Collapse applies only to an abrupt collapse.

b. For the purposes 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 building or any part of a building that is standing even if it has separated from another part of the building;
- (3) A building or any part of a building that is standing, even if it shows evidence of spalling, crumbling, settling, cracking, shifting, bulging, racking, sagging, bowing, bending, leaning, shrinkage or expansion; or
- (4) The plumbing system or any part of the plumbing system, whether above

or below the ground, when the plumbing system or any part of the plumbing system is:

- (a) Collapsed;
- (b) In danger of collapsing or caving in; or
- (c) Separated from another part of the system:
due to:
 - (a) Age, obsolescence, wear, tear;
 - (b) Fading, oxidization, weathering;
 - (c) Deterioration, decay, marring, delamination, crumbling, settling, cracking;
 - (d) Shifting, bulging, racking, sagging, bowing, bending, leaning;
 - (e) Shrinkage, expansion, contraction, bellying, corrosion; or
 - (f) Any other age or maintenance related issue.

However, this ADDITIONAL COVERAGE – 8 will apply to that part of a building’s plumbing system damaged by an abrupt collapse of a covered building, or abrupt collapse of any party of a covered building.

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 in Coverage **C** – Personal Property;
- (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.
However, d.(2) above does not provide coverage for a plumbing system or any part of a plumbing system resulting from decay as Described in ADDITIONAL COVERAGE – 7.c.(4) above;
- (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 materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

e. Loss to a:

- (1) Fence, awning, patio, pavement;
- (2) Swimming pool, underground pipe, flue, drain, cesspool;
- (3) Foundation, retaining wall, bulkhead, pier, wharf, dock;
- (4) Cistern, plumbing system or any part of a plumbing system, or similar structure;

whether above or below the ground, is not included under items d.(2) through (6) above; unless the loss is a direct result of the collapse of a building or any part of the building.

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

For purposes of this ADDITIONAL COVERAGE – Collapse, a plumbing system includes a septic system.

8. 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; and
- (2) The breakage caused directly by Earth Movement and Settlement, of glass or safety glazing material which is a part of a covered building, storm door or storm window; 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 30 consecutive days immediately before the loss, except when the breakage results directly from Earth Movement and Settlement as provided for in a.(2) above.

A dwelling being constructed is not considered "vacant".

Loss to glass covered under this ADDITIONAL COVERAGE 8. will be settled on the basis of replacement with safety glazing materials when required.

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

9. Landlord's Furnishings.

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in an apartment on the "residence premises" regularly rented or held for rental to others by an "insured," for loss caused only by the following PERILS INSURED AGAINST in Coverage C, other than theft, or other than sinkhole loss if form **SIC 23 94** applies to your policy.

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 apply to the damaged property.

Landlord's Furnishings under **9.** above does not increase the \$10,000 limit on coverage under paragraphs **3.** and **5.** in SECTION **I** – PERILS INSURED AGAINST Coverage **A** – Dwelling And Coverage **B** – Other Structures.

Any payment for Landlord's Furnishings **9.** will be deducted from the \$10,000 limit on coverage under paragraphs **3.** and **5.** in SECTION **I** – PERILS INSURED AGAINST

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

10. "Fungi," Wet Or Dry Rot, Yeast Or Bacteria.

- a. We will pay up to \$10,000 for:
- (1) The total of all loss payable under SECTION **I** – PROPERTY COVERAGES caused by "fungi," wet or dry rot, yeast or bacteria;
 - (2) The cost to remove "fungi," wet or dry rot, yeast 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, yeast 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, yeast 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, yeast or bacteria.
- b. The coverage described in a. only applies:
- (1) When such loss or costs are a result of a PERIL INSURED AGAINST that occurs during the policy period; and
 - (2) 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. \$10,000 is the most we will pay for the total of all loss or costs payable, including Loss of Use under this ADDITIONAL COVERAGE regardless of the:
- (1) Number of locations insured; or

- (2) Number of occurrences or claims made; or
- (3) Number of "insureds".

- d. If there is covered loss or damage to covered property, not caused, in whole or in part, by "fungi," wet or dry rot, yeast 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, yeast or bacteria causes an increase in the loss or any Loss of Use.

Any such increase in the loss or Loss of Use 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.

11. Ordinance or Law.

- a. You may use up to 25% 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 building covered under Coverage **A** damaged by a PERIL INSURED AGAINST; or
 - (2) The demolition and reconstruction of the undamaged part of a building covered under Coverage **A**, when that building must be totally demolished because of damage by a PERIL INSURED AGAINST to another part of that covered building; or
 - (3) The remodeling, removal or replacement of the portion of the undamaged part of a building covered under Coverage **A** necessary to complete the remodeling, repair or replacement of that part of the covered building 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:
- (1) The construction;
 - (2) Demolition;
 - (3) Remodeling;
 - (4) Renovation;

- (5) Repair; or
- (6) 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:
 - (a) Test for;
 - (b) Monitor;
 - (c) Clean up;
 - (d) Remove;
 - (e) Contain;
 - (f) Treat;
 - (g) Detoxify; or
 - (h) Neutralize;
 pollutants in or on any covered building or other structure; or
 - (i) 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:

- (a) Smoke;

- (b) Vapor;
- (c) Soot;
- (d) Fumes;
- (e) Acids;
- (f) Alkalis;
- (g) Chemicals; and
- (h) Waste.

Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

SECTION I – PERILS INSURED AGAINST

COVERAGE A – DWELLING and COVERAGE B – OTHER STRUCTURES

We insure against risk of direct loss to property described in Coverages **A** and **B** only if that loss is a physical loss to property.

This includes the peril of "catastrophic ground cover collapse" as provided in Part A. below.

We do not insure, however, for loss:

- 1.** Involving collapse, including any of the following conditions of property or any part of the property, whether above or below the ground:
 - a. An abrupt falling down or caving in;

- b. Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
 - c. Any spalling, crumbling, settling, cracking, shifting, bulging, racking, sagging, bowing, bending, leaning, shrinkage or expansion, or any other age or maintenance related issues, as such condition relates to a. or b. above;
- except as provided in
ADDITIONAL COVERAGE - Collapse;

2. Caused by:

- a. 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 EXCLUSION applies only while the dwelling is "vacant", "unoccupied" or

being constructed unless you have used reasonable care to:

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

- b. Freezing, thawing, pressure or weight of water or ice, whether

driven by wind or not, to a:

- (1) Fence, pavement, patio or swimming pool;
- (2) Foundation, retaining wall or bulkhead; or
- (3) Pier, wharf or dock;

- c. 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;

- d. Theft or attempted theft in or to a dwelling if the dwelling has been "vacant" for more than 30 consecutive days immediately before the loss; until the dwelling is finished and occupied;

- e. Vandalism and malicious mischief if the dwelling has been "vacant" for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered "vacant";

- f. Accidental discharge or overflow of water or steam;

Unless loss to property covered under Coverage **A** or **B** results from an accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises", subject to the \$10,000 limit as set forth

in **3.** below.

Loss to property covered under Coverage **A** or **B** that results from an accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises" includes, subject to the \$10,000 limit as set forth in **3.** below, the cost to tear out and repair only that part or portion of a building, or other structure covered under Coverage **A** or **B**, on the "residence premises," necessary to access the system or appliance.

- (1) The cost that we will pay for the tear out and repair of the part or portion of the building or other structure covered under Coverage **A** or **B** as specified above is limited to only that part or portion of the covered building or other structure which is necessary to provide access to the part or portion of the system or appliance that caused the covered loss, whether the system or appliance, or any part or portion of the system or appliance, is repairable or not.
- (2) In no event will we pay for the repair or the replacement of the system or appliance that caused the covered loss

We do not cover loss:

- (1) To the system or appliance from which this water or steam escaped;
- (2) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises";
- (3) Caused by constant or repeated seepage or leakage of water or steam, or the presence of condensation or humidity, moisture or vapor, over a period of weeks, months or years, unless such seepage or leakage of water or the presence of condensation or 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, subject to the \$10,000 limit as set forth in **3.** below;

- (4) To a plumbing system, whether above or below the ground, caused by:
- Age, collapse, obsolescence, wear, tear;
 - Fading, oxidization, weathering;
 - Deterioration, decay, marring, delamination, crumbling, settling, cracking;
 - Shifting, bulging, racking, sagging, bowing, bending, leaning;
 - Shrinkage, expansion, contraction, bellying, corrosion;
 - The unavailability or discontinuation of a part or component of the system; or
 - Any other age or maintenance related issue;

- (5) To a plumbing system, whether above or below the ground, caused by the impairment, state or condition of the system, which prohibits repair or replacement including access, necessary to connect the adjoining parts of appliances, pipes or system; or

- (6) Otherwise excluded or limited elsewhere in the Policy

For purposes of this provision, a plumbing system or household appliance does not include:

- (1) A sump, sump pump, irrigation system or related equipment; or
 - (2) A roof drain, gutter, down spout or similar fixtures or equipment.
- g. Dropped objects to the interior of a building, property contained in a building, or flooring located outside of a building, unless the roof or an outside wall of the building is first damaged by a dropped object.
- Damage to the dropped object itself is not covered.
- h. Any of the following:
- (1) Wear and tear, marring, deterioration;
 - (2) Inherent vice, latent defect, defect or mechanical breakdown;
 - (3) Smog, rust, decay or other corrosion;
 - (4) Smoke from agricultural smudging or

industrial operations;

- (5) 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 under Coverage **C** of this policy.

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;

- (6) Settling, shrinking, bulging or expansion, including resultant cracking of pavements, patios, foundations, walls, floors, roofs or ceilings; or
- (7) Birds, vermin, rodents, marsupials, animals, reptiles, fish, insects, or pests, including but not limited to, termites, snails, raccoons, opossums, armadillos, flies, bed bugs, lice, ticks, locust, cockroaches, and fleas.

If any of these in **2.h.** above cause water damage not otherwise excluded or limited elsewhere in the Policy, from a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance, we cover loss, subject to the \$10,000 limit as set forth in **3.** below caused by the water, including the cost to tear out and repair only that part or portion of a building or other structure covered under Coverage **A** or **B**, on the "residence premises", necessary to access the system or appliance.

- (1) The cost that we will pay for the tear out and repair of the part or portion of the building or other structure covered under Coverage **A** or **B** as specified above is limited to only that part or portion of the covered building or other structure which is necessary to provide access to the part or portion of the system or appliance that caused the covered loss, whether the system or appliance, or any part or portion of the system or appliance, is repairable or not.
- (2) In no event will we pay for the

repair or the replacement of the system or appliance that caused the covered loss. We do not cover loss to the system or appliance from which this water escaped.

For purposes of this provision, a plumbing system or household appliance does not include:

- (1) A sump, sump pump, irrigation system or related equipment; or
- (2) A roof drain, gutter, down spout or similar fixtures or equipment.
- (3) Excluded under SECTION I

– EXCLUSIONS.

- 3.** A \$10,000 limit on coverage applies and is the most we will pay for:
 - a. Each covered direct physical loss from all water and steam in paragraphs **2.f.** and **2.h.** above; and
 - b. All cosmetic and aesthetic damage, which occurs in the same loss as **3.a.** above, including any repair or replacement of items to match quality, color, or size.

Payment for Reasonable Emergency Measures under Section **I** – Property Coverages paragraph **1.**, which occurs in the same loss as **3.a.** above, will be deducted from the \$10,000 limit on coverage.

- 4.** The \$10,000 limit on coverage in **3.** above does not apply if:
 - a. At our option we offer and you consent to participate in the services described under **SIC 04 86**; or
 - b. Prior either to your incurring any costs for covered repairs or your starting any covered repairs, you request and we do not offer the services described under **SIC 04 86** to you. In the event the \$10,000 limit on coverage does not apply, the Coverage **A** Limit Of Liability or Coverage **B** Limit Of Liability, applicable to the damaged covered property, is the most we will pay. However:
 - a. For coverage provided under Section **I** –Property Coverages in this policy, the limit in **1.** Reasonable Emergency Measures will apply;
 - b. For coverage provided under Section **I** – Additional Coverages in this

Policy, the limit as provided in the additional coverage will apply.

- 5.** Under items **1.** and **2.**, any ensuing loss to property described in Coverages **A** and **B** not excluded or otherwise excepted in this policy is covered.

However, the \$10,000 limit in **3.** above applies to any ensuing damage to property described in Coverages **A** and **B** not excluded or otherwise precluded in this Policy, caused by water or steam described in **2.f.** and **2.h.** above, except the \$10,000 limit will not apply when the ensuing loss to the property is:

- a. Fire;
- b. Explosion;
- c. Collapse, only as covered under **7 .** Section **I** – Additional Coverages; or
- d. "Fungi", Wet or Dry Rot, Yeast or Bacteria, only as covered under **10.** Section **I** – Additional Coverages.

The \$10,000 limit on coverage does not create additional coverage or increase the limit of liability applying to the damaged property.

Catastrophic Ground Cover Collapse

1. We insure for direct physical loss to the "principal building" under Coverage **A** caused by the peril of "catastrophic ground cover collapse."

Damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute a loss resulting from a "catastrophic ground cover collapse."

- (1) Direct physical loss from "catastrophic ground cover collapse" does not apply to the costs to repair the depression or hole, or to stabilize the land on the insured premises.

If we at our option repair the "principal building" under Coverage **A** for direct physical loss resulting from the peril of "catastrophic ground cover collapse," we will stabilize the "principal building's" land in accordance with our professional engineer's recommended repairs.

- (2) This peril does not increase the limit of liability that applies to the damaged property.

- (3) This peril does not apply to property covered under Coverage **B** – Other Structures.

The SECTION **I** – Earth Movement and Settlement EXCLUSION 1.b. does not apply to “catastrophic ground cover collapse.”

COVERAGE C – PERSONAL PROPERTY

We insure for direct physical loss to the property described in Coverage **C** caused by a peril listed below unless the loss is excluded in SECTION **I** – EXCLUSIONS.

1. Fire or lightning.

2. Windstorm or hail.

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

3. Explosion.

4. Riot or civil commotion.

5. Aircraft, including self-propelled missiles and spacecraft.

6. Vehicles.

7. Smoke, meaning sudden and accidental damage from smoke.

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

8. Vandalism or malicious mischief.

9. Theft, including attempted theft and loss of property from the “residence premises” when it is likely that the property has been stolen.

Personal property contained in any bank, trust or safe deposit company or public warehouse will be considered on the “residence premises.”

This peril does not include loss caused by theft:

- a. While property is off the “residence premises”;
- b. Committed by an “insured”;
- c. In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied; or
- d. From that part of a “residence premises” rented by an “insured” to other than an “insured.”

10. Falling Objects.

This peril does not include loss to property contained in the 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 which causes damage to property contained in the building.

12. 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.

This peril does not include loss:

- a. To the system or appliance from which the water or steam escaped;
- b. Caused by or resulting from freezing except as provided in the peril of freezing below; or
- c. On the “residence premises” caused by accidental discharge or overflow which occurs off the “residence premises”;
- d. Caused by constant or repeated seepage or leakage of water or steam, or the presence of condensation or humidity, moisture or vapor which occurs over a period of weeks, months or years, unless such seepage or leaking of water or the presence of condensation or 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 ceiling of a structure; or
- e. Otherwise excluded or limited elsewhere in the Policy.

In this peril, a plumbing system or household appliance does not include:

- a. A sump, sump pump, irrigation system or related equipment; or
- b. A roof drain, gutter, down spout or similar fixtures or equipment.

13. 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 of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance.

This peril does not include loss on the "residence premises" while the dwelling is "vacant" or "unoccupied", unless you have used reasonable care to:

- a. Maintain heat in the building; or
- b. Shut off the water supply and drain the system and appliances of water.

15. Sudden and accidental damage from artificially generated electrical current.

This peril does not include loss to a tube, transistor or similar electronic component.

16. Volcanic Eruption other than loss caused by earthquake, land shock waves or tremors.

17. Catastrophic Ground Cover Collapse.

- a. We insure for direct physical loss to property covered under Coverage **C** located within the "principal building" resulting from a "catastrophic ground cover collapse," unless the loss is excluded elsewhere in this policy.

b. Damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute a loss resulting from a "catastrophic ground cover collapse."

c. Direct physical loss to property covered under Coverage **C** from the peril of "catastrophic ground cover collapse" does not apply to the costs to repair the depression or hole, or to stabilize the land on the insured premises.

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

The SECTION **I** - Earth Movement and Settlement EXCLUSION 1.b. does not apply to "catastrophic ground cover collapse."

The SECTION **I** - Loss caused by "sinkhole" EXCLUSION 1.i. does not apply to "catastrophic ground cover collapse."

Under Section **I** - PERILS INSURED AGAINST, a plumbing system includes a septic system.

SECTION I - EXCLUSIONS

1. 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.

a. **Ordinance or Law**, meaning any ordinance or law:

(1) Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris.

This EXCLUSION 1.a. does not apply to the amount of coverage that may be provided for under ADDITIONAL COVERAGES, Glass or Safety Glazing Material or Ordinance or Law;

(2) The requirements of which result in a loss in value to property; or

(3) Requiring any "insured" or others to:

- (a) Test for;
- (b) Monitor;
- (c) Clean up;
- (d) Remove;
- (e) Contain;
- (f) Treat;
- (g) Detoxify;
- (h) Neutralize; or

(i) In any way respond to or assess the effects of pollutants. Pollutants means any solid, liquid, gaseous, or thermal irritant, or contaminant including:

- (a) Smoke;
- (b) Vapor;
- (c) Soot;
- (d) Fumes;
- (e) Acids;
- (f) Alkalies;
- (g) Chemicals; and
- (h) Waste.

Waste includes materials to be recycled, reconditioned or reclaimed;

This EXCLUSION 1.a. applies whether or not the property has been physically damaged.

b. **Earth Movement and Settlement**, meaning:

(1) Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

(2) Landslide;

(3) Mine subsidence;

(4) Mudflow or mudslide;

(5) Earth sinking, rising or shifting;

(6) Clay shrinkage or other expansion or contraction of soils or organic materials;

(7) Decay of buried or organic materials;

(8) Settling, cracking or expansion of foundations; or

(9) Scouring;

whether caused by natural or manmade activities; unless direct loss by:

(1) Fire; or

(2) Explosion;

ensues and then we will pay only for the ensuing loss.

c. **Water Damage**, meaning:

(1) Flood, surface water, waves, including tidal wave and tsunami, tides, tidal water, storm surge, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

(2) Water which:

(a) Backs up through sewers or drains;

(b) Backs up or is otherwise discharged from a septic system or drain field, or related equipment or similar systems; or

(c) Overflows or is otherwise discharged from:

(i) A sump, sump pump, irrigation system, or related equipment; or

(ii) A roof drain, gutter, down spout or similar fixtures or equipment;

(3) 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

- (4) Waterborne material, sewage or any other substance, carried or otherwise moved by any of the water referred to in c.(1) through c.(3) of this EXCLUSION.

This EXCLUSION 1.c. applies regardless of whether any of the above, in c.(1) through c.(4) is caused by or results from human or animal forces or any act of nature.

This EXCLUSION 1.c. applies to, but is not limited to, escape, overflow or discharge, for any reason of water, waterborne material, sewage, or any other substance 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 c.(1) through c.(4) is covered.

- d. **Power Failure**, meaning:

The failure of power or other utility service if the failure takes place off the "residence premises."

But if the failure of power or other utility service results in a loss, from a PERIL INSURED AGAINST on the "residence premises," we will pay for the loss or damage caused by that PERIL INSURED AGAINST.

- e. **Neglect**, meaning neglect of any "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

- f. **War**, including the following and any consequence of any of the following:

- (1) Undeclared war, civil war, insurrection, rebellion or revolution;
- (2) Warlike act by a military force or military personnel; or
- (3) Destruction, seizure or use for a military purpose.

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

- g. **Nuclear Hazard**, to the extent set forth in the Nuclear Hazard Clause of SECTION I - CONDITIONS.

- h. **Intentional Loss**, meaning any loss arising out of any act committed:

- (1) By or at the direction of an "insured"; and
- (2) With the intent to cause a loss.

- i. **Loss caused by "sinkhole."**

"Sinkhole" means:

- (1) A landform created by subsidence of soils, sediment, or rock as underlying strata are dissolved by ground water.
- (2) A "sinkhole" forms by collapse into subterranean voids created by dissolution of limestone or dolostone or by subsidence as these strata are dissolved.

- j. **"Fungi," Wet Or Dry Rot, Yeast Or Bacteria** meaning:

The presence, growth, proliferation, spread or any activity of "fungi," wet or dry rot, yeast or bacteria.

This EXCLUSION 1.j. does not apply:

- (1) When "fungi," wet or dry rot, yeast or bacteria results from fire or lightning; or
- (2) To the extent coverage is provided for in the "Fungi," Wet Or Dry Rot, Yeast 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, yeast or bacteria is covered.

- k. **Existing Damage**, meaning:

- (1) Damages which occurred prior to policy inception regardless of whether such damages were apparent at the time of the inception of this policy or discovered at a later date; or
- (2) Claims or damages arising out of workmanship, repairs or lack of repairs arising from damage which occurred prior to policy inception.

This EXCLUSION 1.k. does not apply in the event of a total loss caused by a PERIL INSURED AGAINST.

l. **Constant or repeated seepage or leakage** of water or steam, or the presence of condensation or humidity, moisture or vapor, which occurs over a period of weeks, months, or years, unless such seepage or leaking of water or steam, or the presence of condensation or 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.

m. **Accidental discharge or overflow of water or steam** from:

(1) Within a plumbing, heating, air conditioning or automatic fire protective sprinkler system;

(2) Within a household appliance for heating water; or

(3) Within a household appliance.

This EXCLUSION 1.m. applies only while the dwelling is "vacant" or, "unoccupied" for more than 30 consecutive days or being constructed; unless you have used reasonable care to:

(1) Shut off the water supply; and

(2) Drain the system and appliances of water,

Systems and appliances do not include outdoor swimming spas or

outdoor irrigation wells.

2. 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 otherwise excluded or excepted in this Policy is covered.

a. **Weather conditions.** However, this EXCLUSION only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss;

b. **Acts or decisions,** including the failure to act or decide, of any person, group, organization or governmental body;

c. **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

1. 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:

a. To the "insured" for more than the amount of the "insured's" interest at the time of the loss; or

b. For more than the applicable limit of liability.

2. Duties After Loss.

a. In case of 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.

Except for Reasonable Emergency Measures taken under Section I – Property Coverages Reasonable Emergency Measures, there is no coverage for repairs that begin before the earlier of:

- (a) 72 hours after we are notified of the loss;
 - (b) The time of loss inspection by us; or
 - (c) The time of other approval by us.
- (2)(a) To the degree reasonably possible, retain the damaged property; and
- (b) Keep an accurate record of repair expenses;
 - (c) As often as we reasonably require, allow us and our representatives:
 - i. Access to the "residence premises"; and
 - ii. To inspect, subject to c.(i) above, the "residence premises" and all damaged property prior to its removal from the "residence premises";
- (3) Notify the police in case of loss by theft;
- (4) Notify the credit card or fund transfer card company in case of loss as provided for in ADDITIONAL COVERAGE 5. Credit Card, Fund Transfer Card, Forgery and Counterfeit Money under SECTION I – PROPERTY COVERAGES;
- (5) Protect the property from further damage. If repairs to the property are required, you must:
- (a) Take reasonable emergency measures that are necessary to protect the covered property from further damage, as provided under Section I – Property Coverages **Reasonable Emergency Measures**. To the degree reasonably possible, damaged property must be retained for us to inspect;
 - (b) Keep an accurate record of expenses;
- (6) Cooperate with us in the investigation of a claim;
- (7) Cooperate in obtaining and executing any necessary municipal, county or other governmental documentation or permits for repairs to be made and any necessary work authorizations, as required by these entities;
- (8) Prepare an inventory of damaged

personal property showing the:

- (a) Quantity;
 - (b) Description;
 - (c) Actual cash value; and
 - (d) Amount of loss.
- Attach all bills, receipts and related documents that justify the figures in the inventory;
- (9) 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;
 - (c) You or any "insured" under this policy must:
 - i. Submit to examinations under oath and recorded statements, while not in the presence of any other "insured"; and
 - ii. Sign the same;
 - (d) If you are an association, corporation or other entity; any members, officers, directors, partners or similar representatives of the association, corporation or other entity must:
 - i. Submit to examinations under oath and recorded statements, while not in the presence of any other "insured"; and
 - ii. Sign the same;
 - (e) Your agents, your representatives, including any public adjusters engaged on your behalf, and anyone insured under this policy other than an "insured" in (c) and (d) above, must:
 - i. Submit to examinations under oath and recorded statements, while not in the presence of any "insured"; and
 - ii. Sign the same;
- (10) 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 interest 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 2. a (8). 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 ADDITIONAL COVERAGES 5. Credit Card, Fund Transfer Card, Forgery and Counterfeit Money under SECTION I – PROPERTY COVERAGES, stating the amount and cause of loss.
- (11) A claim, supplemental claim, or reopened claim for loss or damage caused by the peril of windstorm or hurricane is barred unless notice of the claim, supplemental claim, or reopened claim is given to us in accordance with terms of the policy within 3 years after the date the hurricane first made landfall in Florida or the windstorm caused the covered damage.

A supplemental claim or reopened claim means any additional claim for recovery from us for losses from the same hurricane or windstorm which we have previously adjusted pursuant to the initial claim.

The duties above apply regardless of whether you, an "insured" seeking coverage, or a representative of either retains or is assisted by a party who provides legal advice, regarding an insurance claim under this Policy.

- b. For all other claimants seeking benefits under SECTION I of this Policy, in the case of a loss to covered property, we have no duty to provide coverage under this Policy to a claimant, if failure to comply with the following duties is prejudicial to us:

- (1) Provide documentation that substantiates the claimant's right to bring a claim under this Policy, and permit us to make copies.
- (2) Provide documentation that details, itemizes, and substantiates the scope and amount of loss for which the claimant is making a claim under this Policy, including all

- updates to the scope and revised documentation, and permit us to make copies; and
- (3) Participate in appraisal or other alternative dispute resolution method in accordance with the terms of the Policy.

These duties must be performed, as often as we reasonably require, by any or all of the following:

- (1) A claimant seeking benefits;
- (2) The claimant's agents;
- (3) The claimant's representatives; and
- (4) Any public adjuster engaged on the claimant's behalf.

The duties above apply regardless of whether a claimant is seeking benefits under the Policy, or their agent or representative, retains or is assisted by a party who provides legal advice, insurance advice, or expert claim advice, regarding an insurance claim under this policy.

For purposes of this condition **2.b.** a claimant does not include an "insured".

3. Loss Settlement.

Covered property losses are settled as follows:

- a. Property of the following types:
 - (1) Personal property;
 - (2) Carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
 - (3) 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.
- b. Buildings under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
 - (1) 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, after application of deductible and without deduction for depreciation, 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 replacement cost of that part of the building damaged for like construction and use on the same premises; or
 - (c) The necessary amount to repair or replace the damaged building.
- (2) 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:
- (a) The actual cash value of that part of the building damaged; or
 - (b) That proportion of the cost to repair or replace, after application of deductible and 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.
- (3) 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:
- (a) Excavations, foundations, piers or any supports which are below the undersurface of the lowest basement floor;
 - (b) Those supports in (a) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
 - (c) Underground flues, pipes, wiring and drains.
 - (d) Structures and other property excluded or not covered elsewhere in your policy.
- (4) We will initially pay at least the actual cash value of the insured loss, less any applicable deductible. We will then pay any remaining amounts necessary to perform such repairs as work is performed and expenses are incurred, subject to b.(1) and b.(2) above.

If a total loss of the dwelling occurs, the provisions of b.(4) above do not apply and we will pay the replacement cost coverage without reservation or holdback of any depreciation in value, pursuant to Section 627.702, Florida Statutes.

This does not prohibit us from exercising our right to repair damaged property in compliance with this policy and pursuant to Section 627.702(7), Florida Statutes.

- (5) If the dwelling where loss or damage occurs has been "vacant" for more than 30 consecutive days before the loss or damage we will:
- (a) Not pay for any loss or damage caused by any of the following perils, even if they are a PERIL INSURED AGAINST:
 - (i) Vandalism;
 - (ii) Malicious mischief;
 - (iii) Sprinkler leakage caused by or arising out of the freezing of a fire protective sprinkler system, unless you have protected the system against freezing;
 - (iv) Dwelling glass breakage;
 - (v) Water damage;
 - (vi) Theft; or
 - (vii) Attempted theft.
 - (b) Reduce the amount we would otherwise pay for a covered loss by 15%.
Dwellings under construction are not considered "vacant".
- (6) In the event of a "catastrophic ground cover collapse," any repairs must be made in accordance with the recommendations of our professional engineer.
If our professional engineer selected or approved by us determines that the repairs cannot be completed within the applicable Limit of Insurance, we will at our option; either;
- (a) Complete the professional engineer's recommended repairs; or
 - (b) Pay the policy limits without a reduction for the repair expenses incurred.

4. Loss to a Pair or Set.

In case of loss to a pair or set 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.

5. Glass Replacement.

Loss for damage to glass caused by a PERIL INSURED AGAINST will be settled on the basis of replacement with safety glazing materials when required.

6. Mediation or Appraisal.

a. Mediation. If there is a dispute with respect to a claim under this policy, you or we may demand a mediation of the loss in accordance with the rules established by the Florida Department of Financial Services.

- (1) The loss amount must be \$500 or more, prior to application of the deductible; or there must be a difference of \$500 or more between the loss settlement amount we offer and the loss settlement amount that you request.
- (2) The settlement in the course of the mediation is binding only if:
 - (a) Both parties agree, in writing, on a settlement; and
 - (b) You have not rescinded the settlement within 3 business days after reaching settlement.
- (3) You may not rescind the settlement after cashing or depositing the settlement check or draft we provided to you.
- (4) We will pay the cost of conducting any mediation conference except when you fail to appear at a conference.

That conference will then be rescheduled upon your payment of the mediator's fee for that rescheduled conference.
- (5) However, if we fail to appear at a mediation conference, we will pay:
 - (a) Your actual cash expenses incurred while attending the conference; and
 - (b) Also pay the mediator's fee for

the rescheduled conference.

b. Appraisal.

Appraisal is an alternate dispute resolution method to address and resolve disagreement regarding the amount of the covered loss.

- (1) If you and we fail to agree on the amount of loss, either party may demand an appraisal, the demand for appraisal must be in writing and shall include an estimate of the amount of any dispute that results from the covered cause of loss. The estimate shall include a description of each item of damaged property in dispute as a result of the covered loss, along with the extent of damage and the estimated amount to repair or replace the item.
- (2) In this event, each party will choose a competent appraiser within 20 days after receiving a written demand from the other.
- (3) 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.
- (4) If they fail to agree, the two appraisers will choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by judge of a court of record located in the county described in the "Location of Residence Premises" of your Declarations.
- (5) The two appraisers will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.
- (6) The appraisal award will be in writing and shall include the following:
 - (a) A detailed list, including the amount to repair or replace, of each specific item including in the award from the appraisal findings;
 - (b) The agreed amount of each item, its replacement cost

- value and corresponding actual cash value; and
- (c) A statement of "This award is made subject to the terms and conditions of the policy."
- (7) Each party will:
- (a) Pay its own appraiser, including their costs associated with producing the estimate described in 2.(1). above; and
- (b) Bear the fees and expenses of the appraisal and umpire equally.
- (8) You, we, the appraisers and the umpire shall be given reasonable and timely access to inspect the damaged property, in accordance with the terms of the policy.
- (9) If, however, we demanded the mediation in a. above and either party rejects the mediation results, you are not required to submit to, or participate in, any appraisal of the loss as a precondition to action against us for failure to pay the loss.

7. Other Insurance And Service Agreement.

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

- a. 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.
- b. 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.

8. Suit Against Us.

No action can be brought against us; unless:

- a. There has been full compliance with all of the terms of this policy; and
- b. The action is started within 5 years after the date of the loss.

9. Our Option.

- a. If we give or mail you written notice within 30 days after we receive your signed, sworn proof of loss; and
- (1) The damaged property under Coverage **A** – Dwelling in SECTION **I** – PROPERTY COVERAGES is insured for Replacement Cost loss settlement as described in your Loss Settlement CONDITIONS:
- (a) We may, in lieu of payment and at our option, repair any part or item of the damaged Coverage **A** property with material or property of like kind and quality.
- (b) If an identical replacement is part of the repair and is not available, we may, at our option, substitute replacement of equal or greater features, functions or capacities of the damaged property.
- (2) The damaged property is insured for Actual Cash Value loss settlement as described in your Loss Settlement CONDITIONS:
- (a) We may, in lieu of payment and at our option, repair, rebuild or replace any part or item of the damaged property with material or property of like kind and quality.
- (b) If an identical replacement is not available, we may, at our option, substitute replacement of equal or greater features, functions or capacities of the damaged property.
- b. If the damaged property, other than a.(1) above, is insured for Replacement Cost loss settlement as described in your Loss Settlement CONDITIONS:
- We will pay the amount of loss, whether or not you repair or replace the damaged property.
- c. Paragraphs 9.a., 9.b. above do not apply to the services that are provided under form **SIC 04 85**.
- d. Your consent to participate in the Program under form **SIC 04 86** constitutes, for the loss or damage you have reported to us, your waiver of our requirement to provide you written notice within 30 days after we receive your signed, sworn proof of loss, as

described in the first paragraph above.

Paragraphs 9.a., 9.b. above do not apply to repairs, replacement or rebuilding of covered property that are provided under form **SIC 04 86**.

- e. Our right to repair, rebuild or replace and our decision to do so is a material part of this Policy and under no circumstances relieves you or us of the duties and obligations under this Policy.

10. Loss Payment.

- a. We will adjust all losses with you.
- b. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Any loss payment will be paid to you and them, as each interest appears.
- c. Loss will be payable:
- (1) 20 days after we receive your proof of loss and reach written agreement with you; or
 - (2) 60 days after we receive your proof of loss; and;
 - (a) There is an entry of a final judgment; or
 - (b) There is a filing of an appraisal award or mediation settlement with us.
 - (3) Within 90 days after we receive notice of an initial, reopened, or supplemental property insurance claim from you, where for each initial, reopened, or supplemental property insurance claim, we shall pay or deny such claim or portion of such claim, unless there are circumstances beyond our control which reasonably prevent such payment.

Paragraph c. above does not form the sole basis for a private cause of action against us.
- d. In the event any services, or part or portion of any services described in form **SIC 04 85** are performed or provided under form **SIC 04 85**, we will pay the "Contractor" directly for those services or part or portion of any services the "Contractor" performs or provides.

- e. In the event that any repairs, replacement or rebuilding, or any part or portion of any repairs, replacement or rebuilding of property, covered under Coverage **A** or Coverage **B**, are made or provided under form **SIC 04 86**, paragraph b. above is deleted.

We will pay you and the "Contractor" jointly, unless some other person is named in the Policy or is legally entitled to receive payment. Any loss payment will then be paid to you, the "Contractor" and them, as each interest appears.

- f. For all other covered loss or damage not part of paragraph e. above, we will pay you in accordance with paragraphs a. through d. above.

11. Abandonment of Property.

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

12. Mortgage Clause.

The word "mortgagee" includes trustee and lienholder.

- a. 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.
- b. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
- c. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
- (1) Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware.

This notice includes notifying us of foreclosure or if a foreclosure has been initiated;
 - (2) Pays any premium due under this policy on demand if you have neglected to pay the premium; and Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.
- d. 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.

- e. If we pay the mortgagee for any loss and deny payment to you:
- (1) We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
 - (2) 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.
- f. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

13. 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.

14. Nuclear Hazard Clause.

- a. "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.
- b. 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 in SECTION I.
- c. 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.

15. 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.

16. Volcanic Eruption Period.

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

17. Adjustment to Property Coverage Limits.

If your policy is a renewal with us, the limit of liability for Coverages **A**, **B**, **C** and **D** may be adjusted.

Any change in the limits of liability indicated above does not, in any way, represent, warrant, or guarantee to any person or entity, that:

- a. These adjustments will keep pace with inflation; or
- b. The amounts of coverage are adequate to repair or rebuild any specific building or structure.

18. Deductible.

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

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under SECTION I that exceeds the deductible amount shown in the Declarations.

SECTION II - LIABILITY COVERAGES

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 the "insured" is legally liable. Damages include prejudgment interest awarded against the "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 the amount we pay for damages resulting from the "occurrence" equals our limit of liability.

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

1. **Coverage E – Personal Liability** and **Coverage F – Medical Payments to Others** do not apply to "bodily injury" or "property damage":
 - a. Which is expected or intended by one or more "insureds";
 - b. Arising out of or in connection with a "business" engaged in by an "insured." This EXCLUSION 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";
 - c. Arising out of the rental or holding for rental of any part of any premises by an "insured." This EXCLUSION does not apply to the rental or holding for rental of an "insured location":
 - (1) On an occasional basis if used only

- as a residence;
- (2) 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
- (3) In part, as an office, school, studio or private garage;
- d. Arising out of the rendering of or failure to render professional services;
- e. Arising out of a premises:
 - (1) Owned by an "insured";
 - (2) Rented to an "insured"; or
 - (3) Rented to others by an "insured"; that is not an "insured location";
- f. Arising out of:
 - (1) The ownership, maintenance, use, loading or unloading of

motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an "insured";

- (2) The entrustment by an "insured" of a motor vehicle or any other motorized land conveyance to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a conveyance excluded in paragraph (1) or (2) above.

This EXCLUSION does not apply to:

- (1) A trailer not towed by or carried on a motorized land conveyance.
- (2) A motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and:
 - (a) Not owned by an "insured"; or
 - (b) Owned by an "insured" and on an "insured location";
- (3) A motorized golf cart which at the time of occurrence is being:
 - (a) Operated to or from, or on the premises of a golf course; and
 - (b) Used to play golf on a golf course.
- (4) A vehicle or conveyance not subject to motor vehicle registration which is:
 - (a) Used to service an "insured's" residence;
 - (b) Designed for assisting the handicapped; or
 - (c) In dead storage on an "insured location";

g. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of an excluded watercraft described below;
- (2) The entrustment by an "insured" of an excluded watercraft described below to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an excluded watercraft described below.

Excluded watercraft are those that are principally designed to be propelled by engine power or electric motor, or are sailing vessels, or are "personal

watercraft", whether owned by or rented to an "insured."

This EXCLUSION does not apply to watercraft:

- (1) That are not sailing vessels and are powered by:
 - (a) Inboard or inboard-outdrive engine or motor power of 50 horsepower or less not owned by an "insured";
 - (b) Inboard or inboard-outdrive engine or motor power of more than 50 horsepower not owned by or rented to an "insured";
 - (c) One or more outboard engines or motors with 25 total horsepower or less;
 - (d) One or more outboard engines or motors with more than 25 total horsepower if the outboard engine or motor is not owned by an "insured";
 - (e) Outboard engines or motors of more than 25 total horsepower owned by an "insured" if:
 - (i) You acquire them prior to the policy period; and
 - You declare them at policy inception; or
 - Your intention to insure is reported to us in writing within 45 days after you acquire the outboard engines or motors.
 - (ii) You acquire them during the policy period.
This coverage applies for the policy period.

- (2) That are sailing vessels, with or without auxiliary power:
 - (a) Less than 26 feet in overall length;
 - (b) 26 feet or more in overall length, not owned by or rented to an "insured."
- (3) That are stored;

h. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of an aircraft;
- (2) The entrustment by an "insured" of an aircraft to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions

of a child or minor using an aircraft.

An aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

i. Caused directly or indirectly by war, including the following and any consequence of any of the following:

- (1) Undeclared war, civil war, insurrection, rebellion or revolution;
- (2) Warlike act by a military force or military personnel; or
- (3) Destruction, seizure or use for a military purpose.

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

j. Which arises out of the transmission of a communicable disease by an "insured";

k. Arising out of sexual molestation, corporal punishment or physical or mental abuse; or

l. Arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined under federal law.

Controlled Substances include, but are not limited to:

- (1) Cocaine;
- (2) LSD;
- (3) Marijuana; and
- (4) All narcotic drugs.

However, this EXCLUSION does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

m. **Coverage E – Personal Liability** and **Coverage F – Medical Payments to Others** do not apply to "bodily injury" or "property damage" arising:

- (1) Out of the ingestion of paint that has lead in it;
- (2) Out of the ingestion of paint that has lead compounds in it;
- (3) Out of the inhalation of paint that

has lead in it;

- (4) Out of the inhalation of paint that has lead compounds in it;
- (5) From radon, or any other substance that emits radiation;
- (6) In any manner (including liability imposed by law) from the discharge, disposal, release or escape of:
 - (a) Vapors or fumes;
 - (b) Gas or oil;
 - (c) Toxic chemicals, liquid or gas;
 - (d) Waste materials; and
 - (e) Irritants, contaminants or pollutants.

All other conditions are the same.

EXCLUSIONS e., f., g. and h. 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."

2. Coverage E – Personal Liability, does not apply to:

a. Liability:

- (1) For any loss assessment charged against you as a member of an association, corporation or community of property owners;
- (2) Under any contract or agreement. However, this EXCLUSION does not apply to written contracts:
 - (a) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (b) Where the liability of others is assumed by the "insured" prior to an "occurrence"; unless excluded in (1) above or elsewhere in this policy;

b. "Property damage" to property owned by the "insured";

c. "Property damage" to property rented to, occupied or used by or in the care of the "insured." This EXCLUSION does not apply to "property damage" caused by fire, smoke or explosion;

d. "Bodily injury" to any person eligible to receive any benefits:

- (1) Voluntarily provided; or
- (2) Required to be provided;

By the "insured" under any:

- (1) Workers' compensation law;

- (2) Non-occupational disability law; or
- (3) Occupational disease law;
- e. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - (1) Is also an insured under a nuclear energy liability policy; or
 - (2) Would be an insured under that policy but for the exhaustion of its limit of liability.

A nuclear energy liability policy is one issued by:

 - (1) American Nuclear Insurers;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada, or any of their successors;
- f. "Bodily injury" to you or an "insured" within the meaning of part a. or b. of "insured" as defined; or
- g. "Bodily injury" or "property damage" caused by or arising out of any animal owned or kept by an "insured" whether or not the injury occurs on your premises or any other location.

3. Coverage F – Medical Payments to Others, does not apply to "bodily

- injury":
- a. To a "residence employee" if the "bodily injury":
 - (1) Occurs off the "insured location"; and
 - (2) Does not arise out of or in the course of the "residence employee's" employment by an "insured";
 - b. To any person eligible to receive benefits:
 - (1) Voluntarily provided; or
 - (2) Required to be provided; under any:
 - (1) Workers' compensation law;
 - (2) Non-occupational disability law; or
 - (3) Occupational disease law;
 - c. From any:
 - (1) Nuclear reaction;
 - (2) Nuclear radiation; or
 - (3) Radioactive contamination;

All whether controlled or uncontrolled or however caused; or

 - (4) Any consequence of any of these; or
 - d. 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:

1. Claim Expenses.

We pay:

- a. Expenses we incur and costs taxed against an "insured" in any suit we defend;
- b. Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for Coverage E. We need not apply for or furnish any bond;
- c. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$50 per day, for assisting us in the investigation or defense of a claim or suit; and
- d. 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.

2. 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 you or any other "insured."

3. Damage to Property of Others.

We will pay, at replacement cost, up to \$500 per "occurrence" for "property damage" to property of others caused by an "insured."

We will not pay for "property damage":

- a. To the extent of any amount recoverable under SECTION I of this policy;
- 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, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

This EXCLUSION does not apply to a motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and not owned by an "insured."

4. Loss Assessment.

We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you 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 under SECTION **II** of this policy; or
- b. Liability for an act of a director, officer, or trustee in the capacity as a director, officer or trustee, provided:
 - (1) The director, officer or trustee is

- elected by the members of a corporation or association of property owners; and
- (2) The director, officer or trustee serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

This coverage applies only to loss assessments charged against you as owner or tenant of the "residence premises."

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

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.

The following does not apply to this coverage:

- a. SECTION **II** – Coverage **E** – Personal liability EXCLUSION 2.a.(1); and
- b. CONDITION 1. Policy Period, under SECTIONS **I** and **II** – CONDITIONS.

SECTION II – CONDITIONS

Limit Of Liability.

- 1. a. 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."

- a. 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. **Sub-limit Of Liability**

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:

- (1) Inhalation of;
- (2) Ingestion of;
- (3) Contact with;
- (4) Exposure to;
- (5) Existence of; or
- (6) Presence of any "fungi," wet or dry rot, yeast or bacteria;

will not be more than the SECTION **II** – Coverage **E** Aggregate Sublimit of Liability of \$50,000 for "Fungi," Wet Or Dry Rot, Yeast Or Bacteria.

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.

This condition does not apply with respect to damages arising out of "fungi", wet or dry rot, yeast or bacteria when Endorsement **SIC 03 34** is attached.

2. Severability Of Insurance.

This insurance applies separately to each "insured" except with respect to

the Aggregate Sublimit of Liability of \$50,000 described under SECTION **II**, CONDITIONS 1.c. – Sublimit of Liability for "Fungi," Wet Or Dry Rot, Yeast Or Bacteria.

This CONDITION will not increase the limit of liability for this coverage.

3. Duties After Loss.

In case of an accident or "occurrence," the "insured" will perform the following duties that apply. You will help us by seeing that these duties are performed:

- a. Give written notice to us or our agent as soon as is practical, which sets forth:
 - (1) The identity of the policy and "insured";
 - (2) Reasonably available information on the time, place and circumstances of the accident or "occurrence"; and
 - (3) Names and addresses of any claimants and witnesses;
- b. Promptly forward to us every notice, demand, summons or other process relating to the accident or "occurrence";
- c. At our request, help us:
 - (1) To make settlement;
 - (2) To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
 - (3) With the conduct of suits and attend hearings and trials; and
 - (4) To secure and give evidence and obtain the attendance of witnesses;
- d. Under the coverage – Damage to Property of Others – submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in the "insured's" control;
- e. The "insured" will not, except at the "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."

4. Duties of an Injured Person – Coverage F – Medical Payments to Others.

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.

The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

5. Payment of Claim – Coverage F – Medical Payments to Others.

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

6. Suit Against Us.

No action can be brought against us unless there has been compliance with the policy provisions.

No one will have the right to join us as a party to any action against an “insured.” Also, no action with respect to Coverage **E** can be brought against us until the obligation of the “insured” has been

determined by final judgment or agreement signed by us.

7. Bankruptcy of an Insured.

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

8. Other Insurance – Coverage E – Personal Liability.

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.

9. Joint Obligations.

The terms of this policy impose joint obligations on persons defined as an “insured.” This means that the responsibilities, acts and failures to act of a person defined as an “insured” will be binding upon another person defined as an “insured”.

SECTION I and II - CONDITIONS

1. Policy Period.

This policy applies only to loss in SECTION **I** or “bodily injury” or “property damage” in SECTION **II**, which occurs during the policy period.

2. Concealment or Fraud.

- a. Under SECTION **I** – PROPERTY COVERAGES, with respect to all “insureds” covered under this policy, we provide no coverage for loss under SECTION **I** – PROPERTY COVERAGES if, whether before or after a loss, one or more “insureds” have:

- (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.

- b. Under SECTION **II** – LIABILITY, we do not provide coverage to one or more “insureds” who, whether before or after a loss, have:

- (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.

However, if this Policy has been in effect for more than 90 days, we may not deny a claim filed by you or an “insured” on the basis of credit information available in public records.

3. 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 through introduction of a subsequent edition of our policy.

4. 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.

5. Cancellation.

a. 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.

b. When you have not paid the premium, we may cancel at any time by letting the first named insured know at least 10 days before the date the cancellation takes effect.

c. When this policy has been in effect for 90 days or less:

(1) We may cancel immediately if there has been:

- (a) A material misstatement or misrepresentation; or
- (b) Failure to comply with underwriting requirements.

(2) We may also cancel this policy subject to the following provisions: A written cancellation notice, together with the specific reason(s) for cancellation, will be delivered to the first named insured, or mailed to the first named insured at your mailing address shown in the Declarations.

Proof of mailing will be sufficient proof of notice.

We may cancel for any reason, except we may not cancel:

- (a) On the basis of property insurance claims that are the result of an Act of God, unless we can demonstrate, by claims frequency or otherwise, that the "insured" has failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
- (b) On the basis of a single claim which is the result of water damage, unless we can demonstrate that the "insured" has failed to take action reasonably requested by us

to prevent a future similar occurrence of damage to the insured property; or

- (c) On the basis of the lawful use, possession, or ownership of a firearm or ammunition by an "insured" or household member of an "insured."
- (3) Except as provided in items 5.b. and 5.c.(1) above, we will let the first named insured know of our action at least 20 days before the date the cancellation takes effect in all other cases.

d. When this policy has been in effect for more than 90 days, we may cancel:

- (1) If there has been a material misstatement;
- (2) If the risk has changed substantially since the policy was issued;
- (3) In the event of failure to comply, within 90 days after the effective date of coverage, with underwriting requirements established by us before the effective date of coverage;
- (4) If the cancellation is for all insureds under policies of this type for a given class of insureds.

However, we may not cancel:

- (1) On the basis of property insurance claims that are the result of an Act of God, unless we can demonstrate, by claims frequency or otherwise, that the "insured" has failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
- (2) On the basis of a single claim which is the result of water damage, unless we can demonstrate that the "insured" has failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
- (3) Based on credit information available in public records; or
- (4) On the basis of the lawful use, possession, or ownership of a firearm or ammunition by an "insured" or household member of an "insured."

Except as provided in item 5.b. above, we will let the first named insured know of our action at least 120 days before the date the cancellation takes effect.

- e. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- f. If the return premium is not returned with the policy notice of cancellation or when this policy is returned to us, we will refund it within 15 working days after the date cancellation takes effect.

6. Nonrenewal.

We may elect not to renew this policy.

- a. We may do so by delivering to the first named insured or mailing to the first named insured at the mailing address shown in the Declarations, written notice, together with the specific reason(s) for nonrenewal.

We shall give the first named insured at least 120 days' written notice before the expiration of the policy.

Proof of mailing will be sufficient proof of notice.

- b. We will not nonrenew this policy:
 - (1) On the basis of property insurance claims that are the result of an Act of God, unless we can demonstrate by claims frequency or otherwise, that the "insured" has failed to take action reasonably necessary as requested to prevent recurrence of damage to the insured property;
 - (2) On the basis of a single claim which is the result of water damage, unless we can demonstrate that the "insured" has failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
 - (3) On the basis of filing of claim(s)

for "sinkhole loss"; unless:

- (a) The total of such payments equals or exceeds the policy limits of coverage for the policy in effect on the date of loss, for property damage to the "principal building"; or
- (b) You failed to repair the structure in accordance with the engineering recommendations

upon which any payment or policy proceeds were based.

- (4) On the basis of credit information available in public records; or
- (5) On the basis of the lawful use, possession, or ownership of a firearm or ammunition by an "insured" or household member of an "insured."

7. Assignment.

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

8. 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 under SECTION **II** to Medical Payments to Others or Damage to Property of Others.

9. Salvage

We may permit you to keep damaged insured property after a loss. If we permit you to keep damaged insured property, we will reduce the amount of loss proceeds payable to you under the policy by the value of the salvage.

10. Inspections and Surveys

- a. We have the right to:
 - (1) Make inspections and surveys at any time;
 - (2) Give you reports on the conditions we find; and
 - (3) Recommend changes.
- b. We are not obligated to make any

inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged.

We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- (1) Are safe or healthful; or
- (2) Comply with laws, regulations, codes or standards.

- c. This condition applies not only to us, but also to any rating, advisory, inspection service or similar organization which makes insurance inspections, surveys, reports or recommendations.

11. Notice.

A company employee, adjuster, independent adjuster, attorney, investigator, or other persons acting on behalf of us that needs access to an insured or the claimant or to the insured property that is the subject of a claim must provide at least 48 hours notice to the insured or the claimant, public adjuster, or legal representative before scheduling a meeting with the claimant or an onsite inspection of the insured property. The insured or the claimant may deny access to the property if notice has not been provided. The insured or the claimant may waive the 48-hour notice.

12. Death.

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

- a. 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;
- b. "Insured" includes:
 - (1) Any member of your household who is an "insured" at the time of your death, but only while a resident of the "residence premises"; and

- (2) With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

13. Renewal Notification.

If we elect to renew this policy, we will let the first named insured know, in writing:

- a. Of our decision to renew this policy; and
- b. The amount of renewal premium payable to us.

This notice will be delivered to the first named insured or mailed to the first named insured at the mailing address shown in the Declarations at least 45 days before the expiration date of this policy.