

THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY

SPECIAL PROVISIONS – FLORIDA

**For Use With Forms SIC DP-1 and SIC DP-3 with
SIC 17 67 – Condominium Unit-Owners Coverage – Florida**

DEFINITIONS

The following definitions are added:

“Rebate” means:

A remuneration, payment, gift, discount, or transfer of any item of value to the policyholder by or on behalf of a person performing the repairs as an incentive or inducement to obtain repairs performed by that person.

“Sinkhole” means:

“Sinkhole” means a landform created by the subsidence of soil, sediment, or rock as underlying strata are dissolved by ground water.

A “sinkhole” forms by collapse into subterranean voids created by dissolution of limestone or dolostone or by subsidence as these strata are dissolved.

“Sinkhole activity”

“Sinkhole activity” means settlement or systematic weakening of the earth supporting the “principal building” only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock material into subterranean voids created by the effect of water on a limestone or similar rock formation.

“Sinkhole loss”

“Sinkhole loss” means “structural damage” to the “principal building” including the foundation caused by “sinkhole activity.”

The definition of “principal building” is deleted and replaced with:

“Principal building” means the unit where you reside shown as the “Location of Residence Premises” in the Declarations.

However, even if the following are your insurance responsibility under a corporation or association of property owners agreement, “principal building” does not include:

- a. Appurtenant structures, driveways, walkways, sidewalks, decks, patios, pools, spas or fences;
- b. Other buildings or structures at the location of the Described Location;
- c. Structures and other property excluded or not covered in your policy;
- d. That part of other premises, other buildings, other structures and grounds not located at the Described Location.

PROPERTY NOT COVERED

The following is added:

We do not cover:

1. Any structure, whether attached to the dwelling or not, 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 building in which your unit is located;
2. Carports, open sided porches that have a roof covering, and patios that have a roof covering, whether attached to the dwelling or not, and not constructed of and covered by the same or substantially the same materials as that of the building in which your unit is located;
3. Awnings, aluminum carports, and aluminum framed screened enclosures, whether attached to the unit or not;
4. Any structure or attachment, whether attached to the unit or not, 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, all whether attached to the unit or not.

PERILS INSURED AGAINST:

The following is added to PERILS INSURED AGAINST:

Sinkhole Loss

- a. We insure for direct physical loss to the "principal building" caused by "sinkhole loss" that occurs during the policy period, including the costs incurred to:

- (1) Stabilize the portion of the "principal building's" land and the "principal building"; and
- (2) Repair the portion of the foundation of the "principal building";

which is your insurance responsibility under a corporation or association of property owners agreement, in accordance with the recommendations of the professional engineer, who verifies the presence of a "sinkhole loss" in compliance with Florida sinkhole testing standards, and with notice to you.

The professional engineer or professional geologist must be selected or approved by us.

- b. This peril does not apply to personal property coverage unless there is "structural damage" to the "principal building" caused by "sinkhole activity."
- c. Under Form **SIC DP-3** this peril does not apply to additional living expenses coverage unless there is "structural damage" to the "principal building" caused by "sinkhole activity."
- d. This peril does not increase the limit of liability applying to the covered property.
- e. We do not insure land or the replacement, rebuilding, restoration, or value of land, except as provided under a.(1) above and in accordance with the recommendations of our professional engineer.
- f. If the loss or damage is caused by both "catastrophic ground cover collapse" and "sinkhole loss", only one

limit of insurance will apply to such loss or damage.

The GENERAL EXCLUSION Earth Movement and Settlement does not preclude coverage for "sinkhole loss" if there is a direct physical loss to the "principal building" caused by "sinkhole loss."

(This is Exclusion A.2. in Form **SIC DP-1** and 1.b. in Form **SIC DP-3**)

The GENERAL EXCLUSION Loss caused by Sinkhole does not apply to "sinkhole loss."

(This is Exclusion A.9. in Form **SIC DP-1** and 1.i. in Form **SIC DP-3**)

GENERAL EXCLUSIONS

The following is added to GENERAL EXCLUSIONS 1.k.:

Existing Damage

- (3) Visible physical damage or "structural damage" to the "principal building" under COVERAGES of your policy or to the "principal building" including the foundation caused by "sinkhole," "sinkhole loss" or "sinkhole activity" occurring prior to the inception of this policy, regardless of whether such damages were apparent at the time of the inception of this policy or discovered at a later date.

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

(This is GENERAL EXCLUSION A.11. in Form **SIC DP-1**)

CONDITIONS

The following is added to CONDITION 4. Duties After Loss:

Any claim, including, but not limited to, initial, supplemental, and reopened claims under this policy is barred unless notice of the claim is given to us in accordance with the terms of the policy within 2 years after you knew or reasonably should have known about the sinkhole loss.

Loss Settlement paragraph 5.e. is added as follows:

- e. Upon receipt of a claim for a sinkhole loss to a "principal building," we will inspect your property to determine if there is "structural damage" that may be a result of "sinkhole activity."

(1) In the event of "sinkhole loss":

- (a) We may limit our total claims payment to the actual cash value of the "sinkhole loss," which does not include underpinning or grouting or any other repair technique performed below the existing foundation of the "principal building," until you enter into a contract for the performance of building stabilization or foundation repairs.

Once you enter into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and as the expenses are incurred.

- (b) 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:

- (i) Complete the professional engineer's recommended re-pairs; or
(ii) Pay the policy limits without a reduction for the repair expenses incurred.

- (c) In order to prevent additional damage to the "principal building," you must enter into a contract for the performance of building stabilization and foundation repairs in accordance with the recommendations of our

professional engineer within 90 days after we confirm coverage for "sinkhole loss" and notify you of such coverage.

This time period tolls if either party invokes the neutral evaluation process, and begins again 10 days after the conclusion of the neutral evaluation process.

- (d) The stabilization and all other repairs to the "principal building" and personal property must be completed within 12 months after entering into the contract for repairs; unless:

- (i) There is mutual agreement between you and us;
(ii) The claim is involved with the neutral evaluation process;
(iii) The claim is in litigation; or
(iv) The claim is under appraisal or mediation.

- (2) After we inspect your property, we may deny your claim with or without testing provided under Section 627.7072, Florida Statutes.

- (a) You may demand testing, which must be communicated to us in writing, within 60 days after your receipt of our denial of your claim.

- (b) You shall pay 50% of the actual costs of the analyses and services or \$2,500 whichever is less.

- (c) We shall reimburse you for costs in (b) above if our engineer or our geologist provides written certification that there is "sinkhole loss."

- (3) If you have submitted a sinkhole claim without good faith grounds for submitting such claim and such claim is not withdrawn prior

to our ordering at your request a sinkhole analysis and services to investigate your claim, you are required, after we obtain written certification that there is no "sinkhole activity", to reimburse us for 50% of the actual costs, up to \$2500, of the analysis and services provided by a professional engineer or professional geologist to conduct testing to determine the cause of loss; pursuant to Florida Statutes 627.7072 and 627.7073.

- (4) As a precondition for accepting any payment for a "sinkhole loss," you must file with the county clerk of court a copy of any sinkhole report which was prepared on your behalf or at your request.

You will bear the costs of filing and recording the sinkhole report.

- (5) You may not accept a "rebate" from any person performing repairs, pursuant to Section 627.707, Florida Statutes.

If you receive a "rebate," coverage is void and you must refund the amount of the "rebate" to us.

Neutral Evaluation – Following the receipt of a sinkhole report provided under Section 627.7073, Florida Statutes or the denial of a claim for "sinkhole," "sinkhole activity," "sinkhole loss," or alleged sinkhole loss, CONDITION 8. Mediation Or Appraisal, paragraphs 8.a and 8.a.(1) through 8.a.(5) are deleted and replaced with the following:

- a. Neutral Evaluation. With respect to resolution of a disputed claim for "sinkhole," "sinkhole activity," "sinkhole loss," or alleged sinkhole loss, a neutral evaluation program is available to either party if a sinkhole report has been issued pursuant to Section 627.7073, Florida Statutes:

- (1) Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for repair of property, or if we deny your claim, we will notify you of your right to

participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department).

- (2) With respect to the resolution of a disputed claim for "sinkhole," "sinkhole activity," "sinkhole loss," or alleged sinkhole loss to property, Neutral Evaluation applies instead of the Mediation condition set forth elsewhere in this policy.
- (3) You or we may file a request with the Department for neutral evaluation; the other party must comply with such request.
- (4) We will pay the reasonable costs associated with the neutral evaluation regardless of which party makes the request.

However, if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the neutral evaluation, that party shall bear such costs.

- (5) The neutral evaluator will be selected from a list maintained by the Department.

The neutral evaluator must be allowed reasonable access to the interior and exterior of the "principal building" to be evaluated or for which a claim has been made.

- (6) Any reports initiated by you, or an agent of yours, confirming a "sinkhole loss" or disputing another sinkhole report regarding insured structures must be provided to the neutral evaluator before the evaluator's physical inspection of the insured property.
- (7) The recommendation of the neutral evaluator will not be binding on you or us.
- (8) Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Suit Against Us CONDITION 11. in this policy.

Nonrenewal, CONDITION 18., paragraph e.(3) regarding the basis of filing of claims for "sinkhole loss" is deleted and replaced with the following:

(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 covered property; or

(b) You have failed to repair the structure in accordance with the engineering recommendations upon which any payment or policy proceeds were based.

The following is added to 11. Suit Against Us:

Except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or 5 years, whichever is later.

All other provisions of this policy apply.