



April 24, 2015

CIRCULAR LETTER TO ALL MEMBER COMPANIES  
(Home Offices Only)

Re: Introduction of Homeowners Wind Only Policy Program

The North Carolina Commissioner of Insurance has approved a new optional Homeowners Wind Only Policy Program for use by all member companies in North Carolina. This Program is an optional program and is available only in territories 110, 120, 130, 140, 150 and 160. This Program will become effective on an optional basis effective June 1, 2015 in accordance with the following Rule of Application:

These changes are applicable to all policies written on or after June 1, 2015.

In that regard, please find attached a copy of the policy forms and rating manual. The manual is in the format of "exceptions" to the country-wide and North Carolina exceptions.

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The Program as filed in North Carolina may be used only by members of the North Carolina Rate Bureau, may be used only in North Carolina, and may not be used outside this State.

Under G.S. 58-3-15 the term "coinsurance contract" must be appropriately printed or stamped on policies that constitute coinsurance. The North Carolina Court of Appeals held in Surratt v. Grain Dealers, 74 N.C. App. 288, 328 S.E. 2d 16 (1985) that the language in certain policies and endorsements rendered them coinsurance contracts, and this interpretation might apply to the Wind Only Policy Program. The Department of Insurance has previously directed that the term "coinsurance contract" should be the size or type sufficient to comply with G.S. 58-38-20; i.e., in a typeface "at least as large as 10 point modern type, 1 point leaded...". The Department also has suggested that the

term be located (1) on the Declarations Page or policy jacket and (2) also on any applicable endorsement attached to the policy. Placement of the term is the responsibility of each member company. You are advised to consult with your counsel to assure compliance.

Please make sure that this information is brought to the attention of interested personnel within your Company.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachments

P-15-6

# North Carolina Homeowners Windstorm And Hail Policy Program Supplement Manual Introduced

## About This Filing

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This filing introduces the alternate North Carolina Homeowners Windstorm And Hail Supplement Manual, which will provide new rules and rating provisions for the North Carolina Homeowners Windstorm And Hail Policy Program. The information contained in this Supplement will instruct the user on how to address homeowners risks that are written under the North Carolina Homeowners Windstorm And Hail Policy Program.

## New Rules

We are introducing the following rules as part of the alternate North Carolina Homeowners Windstorm And Hail Supplement Manual which will contain provisions which are specific to the Windstorm and Hail Policy Program:

- ◆ Rule **A1**. Special State Requirements
- ◆ Rule **A6**. Inflation Guard Endorsement
- ◆ Rule **100**. Introduction
- ◆ Rule **101**. Limits Of Liability And Coverage Relationships
- ◆ Rule **102**. Description Of Coverages
- ◆ Rule **103**. Mandatory Coverages
- ◆ Rule **104**. Eligibility
- ◆ Rule **105**. Secondary Residence Premises
- ◆ Rule **211**. Additional Interests
- ◆ Rule **301**. Base Premium Computation Rules
- ◆ Rule **302**. Loss Settlement Options
- ◆ Rule **303**. Ordinance Or Law Coverage – All Forms Except HS 00 08
- ◆ Rule **403**. Personal Property (Coverage C) Replacement Cost Loss Settlement

- ◆ Rule **406**. Deductibles
- ◆ Rule **407**. Additional Amounts Of Insurance – Forms HS 00 02 And HS 00 03
- ◆ Rule **408**. Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing – All Forms Except HS 00 04
- ◆ Rule **501**. Building Additions And Alterations At Other Residences
- ◆ Rule **502**. Building Additions And Alterations – Increased Limit HS 00 04
- ◆ Rule **503**. Business Property – Increased Limit
- ◆ Rule **507**. Form HO 00 06 Coverage A Dwelling Basic And Increased Limits HS 00 06
- ◆ Rule **510**. Permitted Incidental Occupancies Residence Premises
- ◆ Rule **513**. Ordinance Or Law Increased Amount Of Coverage – HS 00 04 and HS 00 06
- ◆ Rule **514**. Other Structures
- ◆ Rule **515**. Personal Property
- ◆ Rule **522**. Landlords Furnishings
- ◆ Rule **524**. Other Members Of A Named Insured's Household
- ◆ Rule **526**. Residence Held In Trust – All Forms Except HS 00 04
- ◆ Rule **527**. Student Away From Home

## **Multistate Rules Not Applicable**

The following rules referenced in the Homeowners Policy Program Manual will contain exceptions in the North Carolina Homeowners Windstorm And Hail Supplement Manual that state that such rules do not apply:

- ◆ Rule **106**. Protection Classification Information
- ◆ Rule **204**. Multiple Company Insurance
- ◆ Rule **304**. Special Personal Property Coverage HO 00 04 And HO 00 06
- ◆ Rule **404**. Protective Devices
- ◆ Rule **504**. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money
- ◆ Rule **505**. Earthquake Coverage
- ◆ Rule **506**. Fire Department Service Charge
- ◆ Rule **508**. Form HO 00 06 Units Regularly Rented To Others

- ◆ Rule **509**. Home Day Care Coverage
- ◆ Rule **511**. Supplemental Loss Assessment Coverage
- ◆ Rule **516**. Personal Property – Scheduled
- ◆ Rule **517**. Rental To Others – Extended Theft Coverage All Forms Except HO 00 05, HO 00 04 With HO 05 24 Or HO 00 06 With HO 17 31
- ◆ Rule **518**. Sinkhole Collapse Coverage – All Forms Except HO 00 04 And HO 00 06
- ◆ Rule **519**. Special Computer Coverage All Forms Except HO 00 05, HO 00 04 With HO 05 24 Or HO 00 06 With HO 17 31
- ◆ Rule **520**. Livestock Collision Coverage
- ◆ Rule **521**. Limited Water Back-up And Sump Discharge Or Overflow Coverage
- ◆ Rule **523**. Assisted Living Care Coverage
- ◆ Rule **525**. Motorized Golf Cart – Physical Loss Coverage
- ◆ Rule **528**. Home Business Insurance Coverage
- ◆ Rule **531**. Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction

In addition, the rules contained in Part **VI** Section II – Liability – Additional Coverages And Increased Limits and Part **VII** Section II – Liability – Other Exposures Increased Limits of the Homeowners Policy Program Manual, will not apply.

## **North Carolina Exception Manual Rules Not Applicable**

The following rules contained in the Homeowners Policy Program Manual - North Carolina Exception Pages will not apply in the North Carolina Homeowners Windstorm And Hail Supplement Manual:

- ◆ Rule **A3**. Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only
- ◆ Rule **A4**. Waterbed Liability
- ◆ Rule **A8**. Primary Insurance Coverage

## **Background**

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Currently, a person seeking a policy which provides coverage exclusively for the peril of Windstorm and Hail must purchase such coverage from the North Carolina Insurance Underwriting Association.

As a result, in order to provide an additional means of obtaining such coverage from individual carriers, in a companion forms filing, we introduced the North Carolina Homeowners Windstorm And Hail Policy Program (HS). The North Carolina Homeowners Windstorm And Hail Policy Program provides coverage for the peril of Windstorm Or Hail and does not provide any Section II – Liability Coverage.

For those insurers that adopt this optional Manual Supplement, using the rules in the alternate North Carolina Homeowners Windstorm And Hail Manual Supplement in conjunction with existing Homeowners Policy Program Manual - General Rules and Homeowners Policy Program Manual North Carolina Exception Pages converts the Homeowners Manual to a Windstorm and Hail manual for North Carolina Windstorm And Hail Policies. The rules in the Windstorm And Hail Manual Supplement replace the corresponding rules in our standard Homeowners Manual.

## **Explanation of Changes**

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This filing introduces alternate North Carolina Homeowners Windstorm And Hail Supplement Manual, which will provide new rules and rating provisions for the North Carolina Homeowners Windstorm And Hail Policy Program. These rules are being introduced to facilitate writing the North Carolina Homeowners Windstorm And Hail Policy Program. Consistent with the North Carolina Homeowners Windstorm And Hail Policy Forms, which do not provide Section II – Liability Coverage, this Manual Supplement does not contain references to Section II - Liability Coverages. The new rules are as follows:

◆ **Rule A1. Special State Requirements**

Provides special state requirements for the Windstorm And Hail Policy Program in North Carolina.

◆ **Rule A6. Inflation Guard Endorsement – North Carolina**

This rule describes optional Inflation Guard coverage that is consistent with the optional Inflation Guard coverage provided in the base Homeowners program, and which may be provided by the Windstorm Or Hail Policy Program.

◆ **Rule 100. Introduction**

Provides a table comparing the Homeowners Windstorm And Hail Policy Program – North Carolina coverage forms to their counterpart Homeowners forms.

- ◆ **Rule 101. Limits Of Liability And Coverage Relationships**  
Provides the limits of liability required under the Homeowners Windstorm And Hail Policy.
- ◆ **Rule 102. Description Of Coverages**  
Specifies that the Homeowners Windstorm And Hail Policy Program provides coverage for the peril of Windstorm Or Hail and does not provide liability coverage. In addition, the rule specifies the form numbers for the base policy forms contained under the program.
- ◆ **Rule 103. Mandatory Coverages**  
Provides that it is mandatory that insurance be written for all coverages provided under Section I of the Homeowners Windstorm And Hail Policy.
- ◆ **Rule 104. Eligibility**  
Provides the eligibility criteria related to the Homeowners Windstorm And Hail Policy Program – North Carolina coverage forms.
- ◆ **Rule 105. Secondary Residence Premises**  
Specifies that Homeowners Windstorm And Hail coverage on a secondary residence premises shall be provided under a separate policy.
- ◆ **Rule 211. Additional Interests**  
This rule generally explains that, in addition to the mortgagee(s) shown in the Declarations or elsewhere in the policy, other persons or organizations may have an insurable interest in the residence premises. Such interest may be acknowledged by endorsement and such persons or organizations are entitled to receive notification if the policy is cancelled or nonrenewed.
- ◆ **Rule 301. Premium Determination**  
This rule provides the corresponding tables and computation instructions necessary in order to develop the Key Premium for the Windstorm Or Hail Policy Program.
- ◆ **Rule 302. Loss Settlement Options**
  - **Actual Cash Value Loss Settlement**  
Provides that the policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage A limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.
  - **Special Loss Settlement**  
This section describes the Special Loss Settlement option which may be used with the Windstorm And Hail Policy Program. The policy provides

building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss. Using the special loss settlement optional endorsement, this percentage amount may be modified to 50%, 60% or 70% of replacement value without affecting the loss settlement provisions.

◆ **Rule 303.** Ordinance Or Law – All Forms Except HS 00 08

The policy may be endorsed to increase the basic Ordinance or Law Coverage amount to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to the ordinance or law.

◆ **Rule 403.** Personal Property (Coverage C) Replacement Cost Loss Settlement

This rule describes Personal Property Replacement Cost Loss Settlement which may be used with the Windstorm And Hail Policy Program. Under the Personal Property Replacement Cost Loss Settlement option, the policy may be endorsed to provide loss settlement on a Replacement Cost basis, rather than Actual Cash Value basis, for certain types of property whether insured on a blanket or scheduled basis.

◆ **Rule 406.** Deductibles

Provides the provisions relating to the base deductible, higher Fixed Dollar or Percentage Windstorm and Hail deductibles, and Named Storm Deductibles, available under the Homeowners Windstorm And Hail Policy Program – North Carolina coverage forms.

◆ **Rule 407.** Additional Amounts Of Insurance – Forms HS 00 02 And HS 00 03

This rule describes optional Additional Amounts Of Insurance, which allows the policy to be endorsed to provide additional insurance for Coverage A only or for Coverages A, B, C, and D when loss to property insured under Coverage A – Dwelling exceeds the limit of liability shown in the policy Declarations.

◆ **Rule 408.** Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing – All Forms Except HS 00 04

This option provides that the Policy may be endorsed to provide loss settlement exclusively on an Actual Cash Value basis for roof surfacing when damage is caused by the peril of Windstorm Or Hail.



- ◆ **Rule 501. Building Additions And Alterations At Other Residences**  
This option provides coverage for building additions and alterations at residences other than the residence premises rented to an insured.
- ◆ **Rule 502. Building Additions And Alterations – Increased Limit**  
This option provides that the limit of liability for Building Additions And Alterations coverage is increased as noted in the schedule.
- ◆ **Rule 503. Business Property - Increased Limit**  
Provides that the \$2,500 limit of liability for business property on the residence premises contained within base policy forms may be increased to \$10,000 in increments of \$2,500.
- ◆ **Rule 507. Form HS 00 06 Coverage A Dwelling Basic And Increased Limits**  
Provides that with respect to the HS 00 06, the basic Coverage A limit may be increased, and provides the instructions needed to develop the premium.
- ◆ **Rule 510. Permitted Incidental Occupancies Residence Premises**  
The policy may be endorsed to provide expanded Section I Coverage on a permitted incidental occupancy in the dwelling or in an other structure on the residence premises.
- ◆ **Rule 513. Ordinance Or Law Increased Amount Of Coverage – HS 00 04 and HS 00 06**  
The basic amount of coverage for Ordinance Or Law may be initially increased to 100% of the Form HO 00 04 Building Additions and Alterations limit or 50% of the Form HO 00 06 Coverage A limit. The amount may be further increased in 25% increments above those listed in Paragraph 1.
- ◆ **Rule 514. Other Structures**
  - **Premises Structures – Specific Structures – Increased Limits**  
This option provides that we cover each structure that is: on the "residence premises"; and described in the schedule; for the additional limit of liability shown in the schedule for that structure.
  - **Structures On The Residence Premises Rented To Others**  
This option provides that we cover the structures described in the schedule which are on the "residence premises"; rented or held for rental to any person not a tenant of the dwelling; and used as a private residence.
  - **Structures Off The Residence Premises**  
The policy automatically provides Coverage B – Other Structures on a blanket basis to structures located on the residence premises. This

blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises. In addition, another option provides that we cover each structure described in the schedule which is owned by you and located away from the "residence premises", if used in connection with the "residence premises".

◆ **Rule 515. Personal Property**

Provides that the limit of liability for Coverage C, Coverage for personal property usually located at other residences, and Coverage for personal property located in self-storage facilities, may be increased. In addition, the limit of liability for Coverage C may be reduced.

◆ **Rule 522. Landlords Furnishings**

The basic limit of \$2,500 for landlords furnishings under HS 00 02 and HS 00 03 may be increased in increments of \$500 up to a total of \$10,000 per apartment.

◆ **Rule 524. Other Members Of A Named Insured's Household**

Provides that the policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy.

◆ **Rule 526. Residence Held In Trust – All Forms Except HS 00 04**

A Homeowners Windstorm And Hail Policy may be endorsed to insure a trustee, and if applicable, a trust under Section I – Property Coverages, for any insurable interest in the dwelling or other structure held in trust.

◆ **Rule 527. Student Away From Home**

Provides that the policy may be endorsed to provide coverage for other types of students who were residents of the named insured's household before moving out to attend school, such as part-time students or students 24 or older.

**Homeowners North Carolina Windstorm And  
Hail Policy Program Manual Supplement**

**Homeowners Windstorm And Hail Policy Program Manual**

To convert the Homeowners Manual to a Homeowners Windstorm And Hail Policy Program Manual, replace the corresponding rules in the Homeowners Policy Program Manual General Rules and Homeowners Policy Program Manual North Carolina Exception Pages with the following rules:

**ADDITIONAL RULES(S)**

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**RULE A1.  
SPECIAL STATE REQUIREMENTS**

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**A. Special Provisions Endorsement HS 32 32**

Use this endorsement with all Homeowners Windstorm and Hail policies.

**B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement HO 32 86**

Use this endorsement with all Homeowners Windstorm and Hail policies in Territories 110 and 120.

**C. Company Rates/State Rate Pages**

References in the manual to "state company rates" means "state rate pages" in North Carolina.

**D. Insert – North Carolina Endorsement HO 32 46**

Use this endorsement with all Homeowners Windstorm and Hail policies.

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**RULE A3.  
WINDSTORM OR HAIL EXCLUSION – TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY**

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Rule **A3.** does not apply.

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**RULE A4.  
WATERBED LIABILITY – FORMS HO 00 04 AND HO 00 06**

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Rule **A4.** does not apply.

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**RULE A6.  
INFLATION GUARD ENDORSEMENT**

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Subject to the provisions noted in Paragraphs **B.** and **C.**, the inflation guard endorsements referenced in this rule may be used instead of the endorsement noted in General Rule **405**.

**A. Eligible Forms**

The limits of liability for the following forms and coverages may be adjusted, automatically, to respond to inflation as recognized by the indexes named in Paragraph **B.**:

1. Forms **HS 00 02** and **HS 00 03** – Coverages **A, B, C** and **D.**; and
2. Forms **HS 00 04** and **HS 00 06** – Coverages **C** and **D.**

These limits will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

**B. Approved Inflation Cost Indexes**

The following Indexes have been approved by the Department of Insurance and may be used with the Inflation Guard Endorsement listed in Paragraph **C.**

A company that elects to use one of these indexes must use it exclusively and notify the Rate Bureau of its election:

1. Marshall and Swift Boeckh Residential Cost Index published by the American Appraisal Company, Inc.
2. Composite Construction Cost Index published by the U.S. Department of Commerce.
3. Consumer Price Index published by the U.S. Department of Labor.
4. Marshall and Swift Boeckh Construction Cost Index published by Marshall and Swift Boeckh.
5. RSMMeans CostWorks Valuator Published by RSMMeans.
6. Xactware Inflation Index published by Xactware Solutions, Inc.

**C. Endorsement**

1. Inflation Guard Endorsement **HO 32 18**  
Use this endorsement with Forms **HS 00 02** and **HS 00 03.**
2. Inflation Guard Endorsement **HO 32 19**  
Use this endorsement with Forms **HS 00 04** and **HS 00 06.**

**D. Premium**

There is **no** additional charge for this optional endorsement.

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**RULE A8.  
PRIMARY INSURANCE COVERAGE**

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Rule **A8.** does not apply.

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**PART I  
COVERAGE AND DEFINITION TYPE RULES**

**RULE 100.  
INTRODUCTION**

Unless otherwise specified, in this rule, "policy" refers to the Homeowners Windstorm And Hail Coverage Forms. For rules not accommodated below, refer to the standard Homeowners Manual. Utilize the following table to determine, where applicable, the appropriate corresponding form:

<b>Homeowners Windstorm Or Hail Policy</b>	<b>Corresponding Form In Homeowners Manual</b>
HS 00 02	HO 00 02
HS 00 03	HO 00 03
HS 00 04	HO 00 04
HS 00 06	HO 00 06
HS 00 08	HO 00 08

**Table 100. Corresponding Forms**



**Homeowners North Carolina Windstorm And  
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**RULE 101.  
LIMITS OF LIABILITY AND COVERAGE RELATIONSHIPS**

**A. Limits**

The limits of liability required under the Homeowners Windstorm And Hail Policy are as follows:

<b>Coverage A – Dwelling</b>	
HS 00 02, HS 00 03 or HS 00 08 HS 00 04 or HS 00 06	Refer to Rule 301. in the state classification pages. For HS 00 06 refer to Rule 507.A.
<b>Coverage B – Other Structures</b>	
HS 00 02, HS 00 03 or HS 00 08	10% of A (One- and two- family dwelling) 5% of A (Three- and four- family dwelling)
<b>Coverage C – Personal Property</b>	
HS 00 02, HS 00 03 or HS 00 08  HS 00 04 or HS 00 06	50% of A (One- and two- family dwelling) 30% of A (Three-family dwelling) 25% of A (Four-family dwelling) Refer to Rule 301. in the state classification pages.
<b>Coverage D – Loss Of Use</b>	
HS 00 02 or HS 00 03 HS 00 04 HS 00 06 HS 00 08	20% of A 20% of C 40% of C 10% of A

**Table 101.A. Property Damage Limits**

**B. All Forms**

The limit of liability for Coverage C or D of Section I may be increased.

**C. Form HS 00 02 Or HS 00 03**

Under Coverage B of Section I, an additional amount of insurance may be written on a specific structure.

Under Coverage C of Section I, it is permissible to reduce the limit of liability to an amount not less than 40% of the limit of a one- and two-family dwelling; 20% of the limit of a three-family dwelling; and 15% of the limit of a four-family dwelling.

**D. Form HS 00 06**

The limit of liability for Coverage A of Section I may be increased.

**E. Form HS 00 08**

The following are the only Section I options available with this form:

1. Higher Optional Deductibles,
2. Actual Cash Value Loss Settlement of Windstorm or Hail Loss to Roof Surfacing, and
3. Reduced Coverage C Limits.

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**RULE 102.****DESCRIPTION OF COVERAGES**

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The following is a general description of the coverages provided by the Homeowners Windstorm And Hail Coverage forms:

- A.** The Homeowners Windstorm And Hail Policy Program:
  - 1. Provides coverage for the peril of Windstorm Or Hail.
  - 2. Does not provide liability coverage.
- B.** The policy should be consulted for exact contract provisions which will have control over this manual supplement. Refer to:
  - 1. Homeowners 2 – Windstorm And Hail Form **HS 00 02.**
  - 2. Homeowners 3 – Windstorm And Hail Form **HS 00 03.**
  - 3. Homeowners 4 – Windstorm And Hail Form **HS 00 04.**
  - 4. Homeowners 6 – Windstorm And Hail Form **HS 00 06.**
  - 5. Homeowners 8 – Windstorm And Hail Form **HS 00 08.**

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**RULE 103.  
MANDATORY COVERAGES**

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It is mandatory that insurance be written for all coverages provided under Section I of the Homeowners Windstorm And Hail Policy.

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**RULE 104.  
ELIGIBILITY**

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**A. Forms HS 00 02, HS 00 03 And HS 00 08**

A Homeowners Windstorm And Hail Policy may be issued in Territory 110, 120, 130, 140, 150 or 160, to the following:

1. To the owner-occupant(s) of a one-, two-, three- or four-family dwelling which is used exclusively for private residential purposes (except as provided in Paragraphs **F.** and **H.**). A one-family dwelling may not be occupied by more than one additional family or two roomers or boarders. In a two-, three- or four-family dwelling, an individual family unit may not be occupied by more than two families or one family with two roomers or boarders; or
2. To the purchaser-occupant(s) who has entered into a long-term installment contract for the purchase of the dwelling and who occupies the dwelling but to whom title does not pass from the seller until all the terms of the installment contract have been satisfied. The seller retains title until completion of the payments and in no way acts as a mortgagee. The seller's interest in the building may be covered using Additional Insured Endorsement **HS 04 41**; or
3. To the occupant of a dwelling under a life estate arrangement when the Coverage **A** amount is at least 80% of the dwelling's replacement cost. The owner's interest in the building may be covered using Endorsement **HS 04 41**; or
4. When two or more apartment units in a two-, three- or four-family dwelling are occupied by co-owners, each occupying distinct living quarters with separate entrances. Given these circumstances, a Homeowners Windstorm And Hail Policy providing building coverage may be issued to only one of the co-owner occupants of the dwelling. The policy may be endorsed to cover the interest of the other co-owner(s) in the building and for premises liability. Use Endorsement **HS 04 41**. A separate Homeowners Windstorm And Hail Form **HS 00 04** may be issued to the co-owner(s) occupying the other apartment(s) in the dwelling.

It is permissible to extend the Homeowners Windstorm And Hail Form, without additional premium charge, to cover the interest of a non-occupant joint owner in the building. Use Endorsement **HS 04 41**.

**B. Form HS 00 04**

A Homeowners Windstorm And Hail Policy may be issued in Territory 110, 120, 130, 140, 150 or 160, to:

1. The tenant(s) (non-owner) of a dwelling or an apartment situated in any building; or
  2. The owner-occupant(s) of a dwelling, cooperative unit or of a building containing an apartment not otherwise eligible for a Homeowners Windstorm And Hail Policy under Paragraph **A.**;
- provided the residence premises occupied by the insured is used exclusively for residential purposes (except as provided in Paragraph **F.**). The dwelling or apartment unit may not be occupied by more than one additional family or two boarders or roomers.

**C. Form HS 00 06**

A Homeowners Windstorm And Hail Policy may be issued in Territory 110, 120, 130, 140, 150 or 160, to the owner(s) of a condominium or cooperative unit which is used exclusively for residential purposes. The unit may not be occupied by more than one additional family or two boarders or roomers.

**D. Seasonal Dwelling**

Subject to all other sections of this rule, a Homeowners Windstorm And Hail Policy may be issued to cover a seasonal dwelling.

**E. Mobile Home, Trailer Home Or House Trailer**

A Homeowners Windstorm And Hail Policy:

1. Shall not be issued to cover such structures under Coverage **A** – Dwelling, but
2. May be issued to cover personal property in such structures as noted in Paragraph **B.**

**F. Permitted Business Occupancies**

Certain business occupancies are permitted, provided:

1. The premises is occupied principally for private residential purposes, and
2. There is no other business occupancy on the premises.

When the business is conducted on the residence premises, refer to Rule **510.** for Section **I** Coverage. When it is conducted from an Other Residence, no coverage is available.

**G. Farm Property**

A Homeowners Windstorm And Hail Policy shall not be issued to cover any property to which farm forms or rates apply under the rules of the company. In no event shall a policy be issued to provide Section I property damage coverage to any property situated on premises used for farming purposes.

**H. Residence Held In Trust (All Forms Except HS 00 04)**

A Homeowners Windstorm And Hail Policy may be issued to an occupant of a one-, two-, three- or four-family dwelling or a condominium unit when legal title to the dwelling or unit is held in trust and:

1. One of the occupants of the dwelling or condominium unit is the grantor/settlor of the trust;
2. The residence held in trust is used exclusively for residential purposes, except as provided in Paragraph F.; and
3. No trustee of the trust is:
  - a. A partnership or joint venture;
  - b. A corporation;
  - c. A limited liability company;
  - d. An organization other than a partnership or joint venture, a corporation or a limited liability company; or
  - e. A licensed professional who provides ongoing professional services with respect to the profession for which that individual is licensed, in connection with the administration of the trust. However, this Paragraph e. does not apply to an individual who is a relative of the grantor/settlor of the trust.

Refer to Rule 526. in this supplement manual for the rule of application.

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**Homeowners North Carolina Windstorm And  
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**RULE 105.  
SECONDARY RESIDENCE PREMISES**

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Homeowners Windstorm And Hail Coverage on a secondary residence premises shall be provided under a separate policy. The rules of this manual apply.

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**RULE 106.  
PROTECTION CLASSIFICATION INFORMATION**

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Rule **106.** does not apply.

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**PART II  
SERVICING TYPE RULES**

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**RULE 204.  
MULTIPLE COMPANY INSURANCE**

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Rule **204.** does not apply.



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**RULE 211.****ADDITIONAL INTERESTS**

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- A.** In addition to the mortgagee(s) shown in the Declarations or elsewhere in the policy, other persons or organizations may have an insurable interest in the residence premises. When coverage is **not** provided to such persons or organizations under Additional Insured Endorsement **HS 04 41** or its equivalent, their interest in the residence premises may be acknowledged by naming them in the endorsement referenced in Paragraph **D**.
- B.** Such persons or organizations are entitled to receive notification if the policy is canceled or nonrenewed by the insurer.
- C.** No additional charge is made for use of this endorsement.
- D.** Use Additional Interest Residence Premises Endorsement **HO 04 10**.

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**PART III  
BASE PREMIUM COMPUTATION RULES**

**RULE 301.  
BASE PREMIUM COMPUTATION**

**A. All Forms Except HS 00 04 And HS 00 06**

**1. One- And Two-family Dwelling**

- a. From the following Base Class Premium Table, select the Form **HS 00 03** premium for the territory that applies.
- b. From the following Key Factor Table, select the Key Factor for the desired limit of liability.
- c. Multiply the Base Class Premium from Paragraph a. by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

	Territory					
	110	120	130	140	150	160
All Forms Except <b>HS 00 04</b> and <b>HS 00 06</b>	\$ 1280	\$ 1542	\$ 898	\$ 1010	\$ 624	\$ 766
<b>HS 00 04</b>	85	98	51	59	37	45
<b>HS 00 06</b>	64	85	50	51	33	38

**Table 301.A.1.c.#1 Base Class Premium**

Cov. A Amt. (In 000)	Factor	Cov. A Amt. (In 000)	Factor
**\$ 10	.510	\$ 55	.853
** 12	.526	60	.930
** 14	.542	65	.953
** 16	.558	70	.977
** 18	.574	75	1.000
20	.590	80	1.023
22	.606	85	1.040
24	.622	90	1.050
26	.638	95	1.068
28	.654	100	1.109
30	.670	110	1.195
32	.686	120	1.281
34	.702	130	1.367
36	.718	140	1.453
38	.734	150	1.539
40	.750	160	1.609
42	.766	170	1.679
44	.782	180	1.749
46	.798	190	1.819
48	.814	200	1.889
50	.830		
<b>Each Add'l \$1,000</b>			.0070
<b>Minimum Limits Of Liability</b>			
<b>**Section I – Property</b>	<b>HS 00 02 And HS 00 03</b>	<b>HS 00 08</b>	
Primary Location	\$ 25,000	\$ 15,000	
Secondary Location	15,000	10,000	

**Table 301.A.1.c.#2 Key Factors**

**2. Three- And Four-family Dwelling**

Multiply the One- and Two-family Dwelling Base Premium by the three- and four-family factor of 1.04 to arrive at the Base Premium.

**B. Form HS 00 04 Or HS 00 06**

1. From the Base Class Premium Table contained in Paragraph **301.A.1.c.#1**, select the Form **HS 00 04** or **HS 00 06** premium for the territory that applies.
2. From the following Form **HS 00 04** or **HS 00 06** Key Factors Table **301.B.3**, select the Key Factor for the desired limit of liability.
3. Multiply the Base Class Premium from Paragraph **1.** by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

<b>Cov. C Amt. (In 000)</b>	<b>Factor</b>	<b>Cov. C Amt. (In 000)</b>	<b>Factor</b>
**\$ 1	.37	\$ 21	1.98
** 2	.44	22	2.06
** 3	.51	23	2.14
** 4	.58	24	2.22
** 5	.65	25	2.30
** 6	.72	26	2.38
** 7	.79	27	2.46
** 8	.86	28	2.54
** 9	.93	29	2.62
** 10	1.00	30	2.70
11	1.10	31	2.78
12	1.20	32	2.86
13	1.30	33	2.94
14	1.40	34	3.02
15	1.50	35	3.10
16	1.58	36	3.18
17	1.66	37	3.26
18	1.74	38	3.34
19	1.82	39	3.42
20	1.90	40	3.50
<b>Each Add'l \$1,000</b>			.08
<b>Minimum Limits Of Liability</b>			
<b>**Section I – Property</b>			
<b>HS 00 04 – \$ 6,000</b>			
<b>HS 00 06 – \$ 10,000</b>			

**Table 301.B.3. Key Factors**

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**RULE 302.  
LOSS SETTLEMENT OPTIONS**

**A. Actual Cash Value Loss Settlement – Forms HS 00 02 And HS 00 03 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage **A** limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

**3. Premium Computation**

To develop the Base Premium for the Coverage **A** limit of liability shown in the policy Declarations:

- a. Multiply the Coverage **A** limit of liability by the appropriate factor from the following table and round to the nearest \$1,000:

% Of Replacement Value	Factor
20%	4.00
30%	2.67
40%	2.00
50%	1.60
60%	1.33
70%	1.14

**Table 302.A.3.a. Factors**

- b. Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in Paragraph **A.3.a.**

- c. Multiply the premium determined in Paragraph **A.3.b.** by the appropriate factor from the following table:

% Of Replacement Value	Factor
20%	.73
30%	.74
40%	.75
50%	.76
60%	.77
70%	.78
80%	.80

**Table 302.A.3.c. Factors**

**4. Endorsement**

Use Actual Cash Value Loss Settlement Endorsement **HO 04 81.**

**B. Special Loss Settlement – Forms HS 00 02 And HS 00 03 Only**

**1. Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

**2. Coverage Description**

This percentage amount may be modified to 50%, 60% or 70% of replacement value without affecting the loss settlement provisions. If this option is selected, the Coverage A limit of liability representing 50%, 60% or 70% of replacement value is to be shown in the policy Declarations.

**3. Premium Computation**

To develop the Base Premium for the Coverage A limit of liability shown in the policy Declarations:

- a. Multiply the Coverage A limit of liability by the appropriate factor from the following table and round to the nearest \$1,000:

% Of Replacement Value	Factor
50%	1.60
60%	1.33
70%	1.14

**Table 302.B.3.a. Factors**

- b. Develop a Base Premium in accordance with Rule 301. for the amount of insurance computed in Paragraph a.

- c. Multiply the premium determined in Paragraph b. by the appropriate factor from the following table:

% Of Replacement Value	Factor
50%	.96
60%	.97
70%	.98

**Table 302.B.3.c. Factors**

**4. Endorsement**

Use Special Loss Settlement – North Carolina Endorsement **HS 32 56**.

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**RULE 303.  
ORDINANCE OR LAW COVERAGE – ALL FORMS EXCEPT HS 00 08**

The title of Rule **303.** Ordinance Or Law Coverage – All Forms Except HO 00 08, is replaced by the preceding title.

**A. Basic Limit**

The policy automatically provides up to 10% of the Coverage **A** limit of liability (or for Form **HS 00 04**, the Building Additions and Alterations limit) to pay for the increased costs necessary to comply with the enforcement of an ordinance or law.

**B. Increased Amount Of Coverage**

**1. Description**

The policy may be endorsed to increase the basic Ordinance or Law Coverage amount, as noted in Paragraph **2.** to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to the ordinance or law.

**2. Premium Determination**

**a. Forms HS 00 02 And HS 00 03**

To develop the Base Premium, multiply the premium computed in accordance with Rule **301.** by the appropriate factor selected from the following table:

Percentage Of Coverage A		Factors Coverage A Limit	
Increase In Amount	Total Amount	\$60,000 To \$140,000	All Other
15%	25%	1.13	1.05
40%	50%	1.35	1.14
65%	75%	1.51	1.20
90%	100%	1.67	1.27
For each add'l 25% increment, add		.16	.07

**Table 303.B.2.a. Factors**

**b. Forms HS 00 04 And HS 00 06**

See Rule **513.** for rating instructions.

**3. Endorsement**

Use Ordinance Or Law – Increased Amount Of Coverage Endorsement **HS 04 77.**

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**RULE 304.  
SPECIAL PERSONAL PROPERTY COVERAGE HO 00 04 AND HO 00 06**

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Rule **304.** does not apply.



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**PART IV  
ADJUSTED BASE PREMIUM COMPUTATION RULES**

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**RULE 403.  
PERSONAL PROPERTY (COVERAGE C) REPLACEMENT COST LOSS SETTLEMENT**

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**A. Introduction**

The policy provides loss settlement on an Actual Cash Value basis for certain types of property.

**B. Loss Settlement Option**

The policy may be endorsed to provide loss settlement on a Replacement Cost basis for such property whether insured on a blanket or scheduled basis. If endorsed, the Coverage **C** limit must be at least:

1. 40% of Coverage **A** for all forms except **HS 00 04** and **HS 00 06**.
2. \$12,000 (if policy limit is less than \$12,000 for Form **HS 00 04** or **HS 00 06**).

**C. Endorsement**

Use Personal Property Replacement Cost Endorsement **HO 04 90**.

**D. Premium Determination**

Multiply the Base Premium including any premium adjustment for Coverage **C** limits by a factor of:

1. 1.05 for all forms except **HS 00 04** and **HS 00 06**.
2. 1.40 for Form **HS 00 04** or **HS 00 06**.
3. The charge for Replacement Cost Coverage should be applied before the credit or charge for optional deductibles.
4. Minimum additional charge – \$20.

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**RULE 404.  
PROTECTIVE DEVICES**

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Rule **404.** does not apply.

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**RULE 406.  
DEDUCTIBLES**

All policies are subject to a deductible that applies to loss from Windstorm or Hail.

**A. Base Deductible**

\$250 Deductible.

**B. Optional Higher Deductibles – All Forms Except HS 00 04 And HS 00 06**

The following deductible options may be used:

**1. Percentage Deductibles**

**a. Deductible Amounts**

This option provides for higher percentage deductibles of 1%, 2%, and 5% of the Coverage A limit of liability.

**b. Endorsement**

Use Windstorm Or Hail Percentage Deductible Endorsement **HO 03 12**.

**c. Declarations Instructions**

Enter, on the policy Declarations, the percentage amount that applies to Windstorm or Hail. For example:

- (i) Deductible – Windstorm or Hail 1% of Coverage A limit.
- (ii) Deductible – Windstorm or Hail 2% of Coverage A limit.

**d. Deductible Application**

In the event of a Windstorm or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

Percentage Windstorm Or Hail Deductible				
Deductible Percent Amount	Coverage A Limit (Expressed In \$)			
	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
1%	.96	.96	.96	.96
2%	.93	.93	.94	.95
5%	.89	.89	.91	.93

**Table 406.B.1.d. Percentage Deductible**

**2. Higher Fixed-dollar Deductibles**

**a. Deductible Amounts**

This option provides for fixed-dollar deductible amounts of \$500, \$1,000, \$2,000 and \$5,000.

**b. Endorsement**

An endorsement is not required.

**c. Declarations Instruction**

Separately enter, on the policy Declarations, the deductible amount that applies. For example: \$1,000 for Windstorm or Hail.

**d. Deductible Application**

In the event of a Windstorm or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

<b>Fixed-dollar Windstorm Or Hail Deductible</b>				
<b>Deductible Amount</b>	<b>Coverage A Limit (Expressed In \$)</b>			
	<b>Up To 59,999</b>	<b>60,000 To 99,999</b>	<b>100,000 To 200,000</b>	<b>200,001 &amp; Over</b>
\$ 500	.97	.97	.98	.99
1,000	.95	.95	.97	.98
2,000	.91	.92	.95	.96
5,000	.88	.89	.92	.94

**Table 406.B.2.d. Fixed-dollar Deductible**

**C. Named Storm Percentage Deductible**

**1. Deductible Amounts**

The Named Storm Percentage Deductible option may be used, when an Optional Higher Deductible is not selected.

A percentage amount of 1%, 2% or 5% of the Coverage **A** or **C** limit of liability, whichever is greater, is available.

**2. Endorsement**

Use Named Storm Percentage Deductible – North Carolina Endorsement **HO 03 63**.

**3. Schedule Instructions**

Enter on Endorsement **HO 03 63** or the policy Declarations the percentage amount that applies to Named Storm.

**4. Loss By Windstorm That Is A Named Storm**

In the event of Named Storm loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

<b>Named Storm Deductible Percentage</b>	<b>HS 00 02, HS 00 03 And HS 00 08</b>	<b>HS 00 04</b>	<b>HS 00 06</b>
<b>1%</b>	.97	.96	.95
<b>2%</b>	.96	.95	.94
<b>5%</b>	.94	.94	.93

**Table 406.C.4. Named Storm Percentage Deductible**

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**RULE 407.**

**ADDITIONAL AMOUNTS OF INSURANCE – FORMS HS 00 02 And HS 00 03**

The title of Rule **407**. Additional Amounts Of Insurance – Forms **HO 00 02** And **HO 00 03**, is replaced by the preceding title.

**A. Introduction**

The policy provides loss settlement for buildings insured under Coverage **A** or **B** on a replacement cost basis without deduction for depreciation, if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the replacement cost of the building immediately before the loss.

**B. Coverage Description**

The policy may be endorsed to provide additional insurance for Coverage **A** only or for Coverages **A, B, C,** and **D** when loss, to property insured under Coverage **A** – Dwelling, exceeds the limit of liability shown in the policy Declarations.

**C. Specified Additional Amount Of Insurance For Coverage A Only**

When the following option is selected, the Coverage **A** limit of liability shall be at least 100% of the full replacement cost of the property insured under Coverage **A** at policy inception or at the time the endorsement is added to the policy:

1. An additional amount of insurance equal to 25% or 50% of the Coverage **A** limit of liability may be selected. This additional amount is available when loss to property insured under Coverage **A** – Dwelling exceeds the Coverage **A** limit of liability shown in the Declarations.

The additional amount **cannot** be applied to any other coverage nor does it increase the Coverage **A** limit.

2. The premium for this option is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Additional Amount Of Insurance Options	Factor
25%	1.02
50%	1.03

**Table 407.C.2. Additional Amounts Of Insurance Factors**

3. Use Specified Additional Amount Of Insurance For Coverage **A** Endorsement **HO 32 20**.

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**RULE 408.****ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING – ALL FORMS EXCEPT HS 00 04**

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The title of Rule **408. Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing – All Forms Except HO 00 04**, is replaced by the preceding title.

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

**D. Endorsement**

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing (All Forms Except **HS 00 04**) Endorsement **HS 04 93**.

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**PART V  
SECTION I – PROPERTY – ADDITIONAL COVERAGES  
AND INCREASED LIMITS RULES**

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**RULE 501.  
BUILDING ADDITIONS AND ALTERATIONS AT OTHER RESIDENCES**

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**A. Coverage Description**

The policy may be endorsed to provide this coverage at residences, other than the residence premises, rented to an insured.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** Base Class Premium.

**C. Endorsement**

Use Building Additions And Alterations Other Residence Endorsement **HO 04 49**.

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**RULE 502.****BUILDING ADDITIONS AND ALTERATIONS – INCREASED LIMIT – HS 00 04**

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The title of Rule **502**. Building Additions And Alterations – Increased Limit – **HO 00 04**, is replaced by the preceding title.

**A. Coverage C Increase**

The limit of liability of 10% of Coverage **C** may be increased.

**B. Premium Computation**

To develop the premium per \$1,000 of insurance, multiply the **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** Base Class Premium.

**C. Endorsement**

Use Building Additions And Alterations Increased Limit Form **HS 00 04** Endorsement **HS 04 51**.



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**RULE 503.  
BUSINESS PROPERTY – INCREASED LIMIT**

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**A. On-premises**

1. The \$2,500 limit of liability for business property on the residence premises may be increased to \$10,000 in increments of \$2,500.
2. Rate per \$2,500 increase – \$50.
3. The limit of liability in excess of \$2,500 does not apply to:
  - a. Business property in storage or held as a sample or for sale or delivery after sale;
  - b. Business property pertaining to a business actually conducted on the residence premises.
4. The property described in Paragraphs **3.a.** and **3.b.** are covered under the following optional endorsement: Permitted Incidental Occupancies.

**B. Off-premises**

When the on-premises limit is increased, the off-premises limit of \$1,500 is automatically increased, at no additional charge, to an amount that is 60% of the total on-premises limit of liability.

**C. Endorsement**

Use Increased Limits On Business Property Endorsement **HS 04 12.**

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**RULE 504.  
CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY AND COUNTERFEIT MONEY**

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Rule **504.** does not apply.

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**RULE 505.  
EARTHQUAKE COVERAGE**

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Rule 505. does not apply.

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**RULE 506.  
FIRE DEPARTMENT SERVICE CHARGE**

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Rule 506. does not apply.

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**RULE 507.****FORM HS 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS**

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The title of Rule **507**, Form **HO 00 06** Coverage A Dwelling Basic And Increased Limits And Special Coverage – **HO 00 06** is replaced by the preceding title.

**A. Basic Limits**

The policy automatically provides a basic Coverage **A** limit of \$1,000 on a named perils basis. If increased limits are not desired, enter "\$1,000" under Coverage **A** – Dwelling on the Declarations pages.

**B. Increased Limits**

The basic limit may be increased. The premium is developed based on the additional limit of insurance. To develop the premium for each additional \$1,000 of insurance, multiply the **HS 00 06** Key Factor for "Each Add'l \$1,000" by the **HS 00 06** Base Class Premium.

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**RULE 508.  
FORM HO 00 06 UNITS REGULARLY RENTED TO OTHERS**

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Rule 508. does not apply.

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**RULE 509.  
HOME DAY CARE COVERAGE**

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Rule **509.** does not apply.

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**RULE 510.  
PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES**

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**A. Coverage Description**

Coverage for a permitted incidental occupancy is limited under Section I Property Coverages. The policy may be endorsed to provide expanded Section I Coverage on a permitted incidental occupancy in the dwelling or in an other structure on the residence premises. Use Permitted Incidental Occupancies (Residence Premises) Endorsement **HS 04 42** for Section I Coverage.

**B. Permitted Incidental Occupancies**

Examples of such occupancies are Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

**C. Other Structures**

If the permitted incidental occupancy is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **E.** for charge for specific insurance on the structure.

**D. Personal Property**

The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage **C** limits stated in the Declarations. If increased Coverage **C** limits are desired, see Rule **515.A.**

**E. Premium Computation**

1. If the permitted incidental occupancy is located in the dwelling, no additional charge is made.
2. If the permitted incidental occupancy is located in an other structure, charge the following amount per \$1,000 of specific insurance on the structure – \$5.



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**RULE 511.  
SUPPLEMENTAL LOSS ASSESSMENT COVERAGE**

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Rule 511. does not apply.

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**RULE 513.****ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HS 00 04 AND HS 00 06**

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The title of Rule 513. Ordinance Or Law Increased Amount Of Coverage – **HO 00 04** And **HO 00 06**, is replaced by the preceding title.

**A. Coverage Increase**

1. The basic amount of coverage may be initially increased to 100% of the Form **HS 00 04** Building Additions and Alterations limit or 50% of the Form **HS 00 06** Coverage **A** limit.
2. The amount may be further increased in 25% increments above those listed in Paragraph 1.

**B. Premium Determination**

1. The premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit.
2. The premium for each additional \$1,000 of insurance is developed by multiplying the **HS 00 04** or **HS 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by the appropriate Base Class Premium.

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**RULE 514.  
OTHER STRUCTURES**

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**A. On-premises Structures**

When insurance is written on a specific structure on the residence premises the rates per \$1,000 of insurance shall apply separately to each structure.

**1. Specific Structure – Increased Limits**

**a. Premium**

Rate per \$1,000 for policies with Windstorm Or Hail Coverage – \$4

**b. Endorsement**

Use Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48**.

**2. Structure On The Residence Premises Rented To Others**

**a. Premium**

Rate per \$1,000 for policies with Windstorm or Hail coverage – \$5.

**b. Endorsement**

Use Structures Rented to Others – Residence Premises Endorsement **HS 04 40**.

**B. Structures Off The Residence Premises**

**1. Forms HS 00 02 And HS 00 03**

**a. Coverage Description**

(1) The policy automatically provides Coverage **B** – Other Structures on a blanket basis to structures located on the residence premises.

(2) This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises.

**b. Premium**

Off-premises structures charge per policy – \$15

**c. Endorsement**

Use Other Structures Away From The Residence Premises **HO 04 91**.

**2. All Forms**

**a. Premium**

(1) When insurance is written on a specific structure located away from the residence premises, the rate per \$1,000 of insurance shall apply separately to each location.

(2) Specific structures – Off-premises Rate per \$1,000 – \$5

**b. Endorsement**

Use Specific Structures Away From Residence Premises Endorsement **HO 04 92**.

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**RULE 515.  
PERSONAL PROPERTY**

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**A. Increased Limit**

1. The limit of liability for Coverage **C** may be increased.
2. Charge the additional company rate per \$1,000 of insurance.
3. Rate per \$1,000:  
HS 00 02 or HS 00 03 – \$2

**B. Increased Limits – Other Residences**

1. Coverage for personal property usually located at other residences is limited in the policy form to 10% of Coverage **C** or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000.
3. Rate per \$1,000 – \$7
4. Use Increased Limits On Personal Property In Other Residences Endorsement **HO 04 50**.

**C. Increased Limit – Self-storage Facilities**

1. Coverage for personal property located in self-storage facilities is limited in the policy form to 10% of Coverage **C**, or \$1,000, whichever is greater. This limit may be increased.
2. Charge the additional company rate per \$1,000.
3. Rate per \$1,000 – \$5
4. Use Increased Amount Of Insurance For Personal Property Located In A Self-storage Facility Endorsement **HO 06 14**.

**D. Reduction In Limit**

1. The limit of liability for Coverage **C** may be reduced in accordance with Rule **101.C**.
2. Credit per \$1,000 – \$1

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**RULE 516.  
PERSONAL PROPERTY – SCHEDULED**

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Rule **516.** does not apply.

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**RULE 517.  
RENTAL TO OTHERS – EXTENDED THEFT COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR  
HO 00 06 WITH HO 17 31**

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Rule 517. does not apply.

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**RULE 518.  
SINKHOLE COLLAPSE COVERAGE – ALL FORMS EXCEPT HO 00 04 AND HO 00 06**

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Rule **518.** does not apply.

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**RULE 519.  
SPECIAL COMPUTER COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR HO 00 06 WITH HO 17  
31**

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Rule 519. does not apply.



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**RULE 520.  
LIVESTOCK COLLISION COVERAGE**

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Rule **520.** does not apply.

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**RULE 521.  
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE**

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Rule **521.** does not apply.

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**RULE 522.  
LANDLORDS FURNISHINGS**

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**A. Basic Limit**

Forms **HS 00 02** and **HS 00 03** automatically cover, on a named perils basis, landlord furnishings in an apartment on the residence premises regularly rented or held for rental. The basic limit per apartment unit is \$2,500.

**B. Increased Limits**

The basic limit of \$2,500 may be increased in increments of \$500 up to a total of \$10,000 per apartment. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.

**C. Premium**

Rate per \$500 per unit:

Forms **HS 00 02** and **HS 00 03** – \$1.

**D. Endorsement**

Use Landlord's Furnishings Endorsement **HS 05 46**.

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**RULE 523.  
ASSISTED LIVING CARE COVERAGE**

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Rule **523.** does not apply.

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**RULE 524.  
OTHER MEMBERS OF A NAMED INSURED'S HOUSEHOLD**

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**A. Introduction**

The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.

**B. Coverage Description**

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.
2. All coverages and provisions under Section I of the policy that apply to insureds also apply to the persons described in Paragraph 1. except Coverages **A**, **B** and **D** (Fair Rental Value only).

**C. Premium**

Section I additional charge:

Rate per person named in the Schedule – \$60

**D. Endorsement**

Use Other Members Of Your Household Endorsement **HS 04 58**.

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**RULE 525.  
MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE**

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Rule **525.** does not apply.

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**RULE 526.****RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT HS 00 04**

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The title of Rule **526**, Residence Held In Trust – All Forms Except **HO 00 04**, is replaced by the preceding title.

**A. Coverage**

A Homeowners Windstorm And Hail Policy may be endorsed to insure a trustee, and if applicable, a trust under Section **I** – Property Coverages, for any insurable interest in the dwelling or other structure held in trust.

**B. Endorsement**

Use Trust Endorsement **HS 32 12**.

**C. Premium**

For basic limits rates:

Trust charge per policy – \$26.

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**RULE 527.****STUDENT AWAY FROM HOME**

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**A. Introduction**

The policy provides coverage for a full-time student, who was a resident of the named insured's household before moving out to attend school and is under the age of:

1. 24 and a relative of the named insured; or
2. 21 and in the care of the named insured or a resident relative.

**B. Coverage Description**

The policy may be endorsed to provide coverage for other types of students who were residents of the named insured's household before moving out to attend school. For example, part-time students or students 24 or older.

**C. Premium Determination**

Section I

Rate per location – \$68.

**D. Endorsement**

Use Additional Insured – Student Living Away From The Residence Premises Endorsement **HS 05 27**.



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**RULE 528.  
HOME BUSINESS INSURANCE COVERAGE**

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Rule **528.** does not apply.

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**RULE 531.**

**LIMITED COVERAGE FOR THEFT OF PERSONAL PROPERTY LOCATED IN A DWELLING UNDER CONSTRUCTION**

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Rule **531.** does not apply.

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**PART VI – SECTION II – LIABILITY – ADDITIONAL COVERAGE AND INCREASED LIMITS**

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**RULES 601. – 700.**

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Part VI – Section II – Liability – Additional Coverages And Increased Limits, of the Homeowners Policy Program Manual does not apply to the North Carolina Windstorm And Hail Policy Program.

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**PART VII – SECTION II – LIABILITY – OTHER EXPOSURES INCREASED LIMITS**

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**RULES 701. – 702.**

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Part VII – Section II – Liability – Other Exposures Increased Limits, of the Homeowners Policy Program Manual does not apply to the North Carolina Windstorm And Hail Policy Program.

## HOMEOWNERS 2–WINDSTORM AND HAIL FORM

### AGREEMENT

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

### DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

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

1. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
- b. Any other activity engaged in for money or other compensation, except the following:

- (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
- (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
- (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
- (4) The rendering of home day care services to a relative of an "insured".

2. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

3. "Insured" means:

- a. You and residents of your household who are:
  - (1) Your relatives; or
  - (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

- (1) 24 and your relative; or
- (2) 21 and in your care or the care of a resident of your household who is your relative.

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

4. "Insured location" means:

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

5. "Motor vehicle" means:

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

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

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

7. "Residence premises" means:
- a. The one-family dwelling where you reside;
  - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
  - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

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

## SECTION I – PROPERTY COVERAGES

### A. Coverage A – Dwelling

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

### B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
- a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

### C. Coverage C – Personal Property

#### 1. Covered Property

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

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

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

##### a. Other Residences

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

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

##### b. Self-storage Facilities

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

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

### 3. Special Limits Of Liability

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

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.  
This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- h. \$250 on antennas, tapes, wires, records, disks or other media that are:
- (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".  
This includes a "motor vehicle's" equipment and parts.  
However, this Paragraph 4.c. does not apply to:
  - (1) Portable electronic equipment that:
    - (a) Reproduces, receives or transmits audio, visual or data signals; and
    - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
  - (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
    - (a) Used solely to service a residence; or
    - (b) Designed to assist the handicapped;
- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.  
We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under **E. 6. Landlord's Furnishings** under **Section I – Property Coverages**;
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- k. Water or steam.

#### **D. Coverage D – Loss Of Use**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

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

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

- (1) Your trees felled by the peril of Windstorm; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**; provided the trees:
- (3) Damage a covered structure; or
- (4) Do not damage a covered structure, but:
  - (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
  - (b) Block a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

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

This coverage is additional insurance.

##### **2. Reasonable Repairs**

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.



b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C. 2.** under Section I – Conditions.

### 3. 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.

### 4. Loss Assessment

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

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

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph O. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

### 5. Collapse

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

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

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

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

d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against;

e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.

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

### 6. Landlord's Furnishings

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

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

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

### 7. Ordinance Or Law

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

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
  - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. We do not cover:
- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
  - (2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

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

This coverage is additional insurance.

**8. Grave Markers**

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

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

**SECTION I – PERILS INSURED AGAINST**

We insure for direct physical loss to the property described in Coverages **A**, **B** and **C** caused by the following peril unless the loss is excluded under Section **I** – Exclusions.

**Windstorm Or Hail**

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

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

**SECTION I – EXCLUSIONS**

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

**1. Ordinance Or Law**

Ordinance or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1. a. does not apply to the amount of coverage that may be provided for in **E. 7. Ordinance Or Law** under Section **I** – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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

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

**2. Earth Movement**

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting.

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

### 3. Water

This means:

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

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

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

### 4. Power Failure

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

### 5. Neglect

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

### 6. Intentional Loss

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

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

### 7. Governmental Action

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

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

## SECTION I – CONDITIONS

### A. Insurable Interest And Limit Of Liability

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

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

### B. Deductible

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

With respect to any one loss:

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

### C. Duties After Loss

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

1. Give prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;

4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 4. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

**D. Loss Settlement**

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E. 7. Ordinance Or Law** under Section **I – Property Coverages**. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;
 at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

- a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
  - (1) The limit of liability under this policy that applies to the building;
  - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
  - (3) The necessary amount actually spent to repair or replace the damaged building.
 If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.
- b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:
  - (1) The actual cash value of that part of the building damaged; or
  - (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.
- c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:
  - (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
  - (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
  - (3) Underground flues, pipes, wiring and drains.

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

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

- (1) Less than 5% of the amount of insurance in this policy on the building; and

- (2) Less than \$2,500;

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

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

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

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

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

#### **F. Appraisal**

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

Each party will:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and

c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F.** Appraisal, **H.** Suit Against Us and **J.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

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

a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

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

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

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

#### **N. 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.

#### **O. Policy Period**

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

#### **P. Concealment Or Fraud**

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

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

#### **Q. Loss Payable Clause**

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

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

#### **R. Liberalization Clause**

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

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

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

#### **S. 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.

#### **T. Cancellation**

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

- (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
- (2) If the risk has changed substantially since the policy was issued.

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

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **U. Nonrenewal**

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

#### **V. Assignment**

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

#### **W. 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.

#### **X. Death**

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

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 3–WINDSTORM AND HAIL FORM

### AGREEMENT

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

### DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

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

1. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
- b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

2. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

3. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative.

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

4. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in a. and b. above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

5. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.



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

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

7. "Residence premises" means:
- a. The one-family dwelling where you reside;
  - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
  - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

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

## SECTION I – PROPERTY COVERAGES

### A. Coverage A – Dwelling

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

### B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
- a. Land, including land on which the other structures are located;
  - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

### C. Coverage C – Personal Property

#### 1. Covered Property

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

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

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

##### a. Other Residences

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

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

##### b. Self-storage Facilities

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

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

### 3. Special Limits Of Liability

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

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.  
This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;

- (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
- (3) Is in or upon a "motor vehicle".
- h. \$250 for antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".  
This includes a "motor vehicle's" equipment and parts. However, this Paragraph 4.c. does not apply to:
  - (1) Portable electronic equipment that:
    - (a) Reproduces, receives or transmits audio, visual or data signals; and
    - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
  - (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
    - (a) Used solely to service a residence; or
    - (b) Designed to assist the handicapped;
- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.  
We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in E. 6. Landlord's Furnishings under Section I – Property Coverages;

- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- k. Water or steam.

#### D. Coverage D – Loss Of Use

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

##### 1. Additional Living Expense

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

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

##### 2. Fair Rental Value

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

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

##### 3. Civil Authority Prohibits Use

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

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

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

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

#### E. Additional Coverages

##### 1. Debris Removal

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

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

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

(1) Your trees felled by the peril of Windstorm or Hail; or

(2) A neighbor's trees felled by a Peril Insured Against under Coverage C;

provided the trees:

(3) Damage a covered structure; or

(4) Do not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

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

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

This coverage is additional insurance.

##### 2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in **C. 2.** under Section I – Conditions.

### 3. 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.

### 4. Loss Assessment

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

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

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

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

This coverage is additional insurance.

### 5. Collapse

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

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

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

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

d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against named under Coverage **C**;

e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.

### 6. Landlord's Furnishings

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

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

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

### 7. Ordinance Or Law

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

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. We do not cover:
- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
  - (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.
- Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

**8. Grave Markers**

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

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

**SECTION I – PERILS INSURED AGAINST**

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

We insure against risk of direct physical loss to property described in Coverages A and B caused by a Peril listed below:

**Windstorm or Hail including Wind or Hail-Driven Rain**

This peril includes loss to the inside of a building even if the direct force of the wind or hail does not damage the building and cause an opening in a roof or wall. This peril does not include loss caused by any of the following regardless of any other cause or event contributing concurrently or in any sequence to the loss:

- 1. Wear and tear, marring, deterioration;
- 2. Inherent vice, latent defect, mechanical breakdown;
- 3. Smog, rust or other corrosion.

**B. Coverage C-Personal Property**

We insure for the direct physical loss to the property described in the Coverage C caused by:

**Windstorm or Hail**

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

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

**SECTION I – EXCLUSIONS**

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

**1. Ordinance Or Law**

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion A.1.a. does not apply to the amount of coverage that may be provided for in E. 7. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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

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

## 2. Earth Movement

Earth Movement means:

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

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

## 3. Water

This means:

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

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

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

## 4. Power Failure

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

## 5. Neglect

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

## 6. Intentional Loss

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

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

## 7. Governmental Action

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

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

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

## SECTION I – CONDITIONS

### A. Insurable Interest And Limit Of Liability

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

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

#### **B. Deductible**

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

With respect to any one loss:

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

#### **C. Duties After Loss**

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

1. Give prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;

- d. Changes in title or occupancy of the property during the term of the policy;
- e. Specifications of damaged buildings and detailed repair estimates;
- f. The inventory of damaged personal property described in 4. above;
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

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

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E. 7. Ordinance Or Law** under Section I – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;

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

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

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) The actual cash value of that part of the building damaged; or
- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

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

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

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

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

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

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

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

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

#### **F. Appraisal**

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

Each party will:

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

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

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

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

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

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



## **I. Our Option**

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

## **J. Loss Payment**

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

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

## **K. Abandonment Of Property**

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

## **L. Mortgage Clause**

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

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

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

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

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

## **N. 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.

## **O. Policy Period**

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

## **P. Concealment Or Fraud**

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

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

## **Q. Loss Payable Clause**

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

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

## **R. Liberalization Clause**

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

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

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

**S. 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.

**T. Cancellation**

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

This can be done by letting you know at least 30 days before the date cancellation takes effect.
  - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

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

**U. Nonrenewal**

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

**V. Assignment**

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

**W. 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.

**X. Death**

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

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 4 – CONTENTS WINDSTORM AND HAIL FORM

### AGREEMENT

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

### DEFINITIONS

**A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

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

**1.** "Business" means:

**a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

**b.** Any other activity engaged in for money or other compensation, except the following:

**(1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;

**(2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

**(3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

**(4)** The rendering of home day care services to a relative of an "insured".

**2.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

**3.** "Insured" means:

**a.** You and residents of your household who are:

**(1)** Your relatives; or

**(2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

**b.** A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

**(1)** 24 and your relative; or

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

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**4.** "Insured location" means:

**a.** The "residence premises";

**b.** The part of other premises, other structures and grounds used by you as a residence; and

**(1)** Which is shown in the Declarations; or

**(2)** Which is acquired by you during the policy period for your use as a residence;

**c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;

**d.** Any part of a premises:

**(1)** Not owned by an "insured"; and

**(2)** Where an "insured" is temporarily residing;

**e.** Vacant land, other than farm land, owned by or rented to an "insured";

**f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

**g.** Individual or family cemetery plots or burial vaults of an "insured"; or

**h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

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

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

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

7. "Residence premises" means:
- a. The one-family dwelling where you reside;
  - b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
  - c. That part of any other building where you reside;
- and which is shown as the "residence premises" in the Declarations.
- "Residence premises" also includes other structures and grounds at that location.

**SECTION I – PROPERTY COVERAGES**

**A. Coverage C – Personal Property**

**1. Covered Property**

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

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

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

**a. Other Residences**

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

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

**b. Self-storage Facilities**

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

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

**3. Special Limits Of Liability**

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

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

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- h. \$250 for antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

- a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;
- b. Animals, birds or fish;
- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

  - (1) Portable electronic equipment that:
    - (a) Reproduces, receives or transmits audio, visual or data signals; and

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

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

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

- (b) Designed to assist the handicapped;

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

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

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

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

- g. Property in an apartment regularly rented or held for rental to others by an "insured";

- h. Property rented or held for rental to others off the "residence premises";

- i. "Business" data, including such data stored in:

- (1) Books of account, drawings or other paper records; or

- (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or

- k. Water or steam.

#### B. Coverage D – Loss Of Use

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

##### 1. Additional Living Expense

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

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

## 2. Fair Rental Value

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

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

## 3. Civil Authority Prohibits Use

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

## 4. Loss Or Expense Not Covered

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

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

## C. Additional Coverages

### 1. Debris Removal

a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

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

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

- (1) Your trees felled by the peril of Windstorm; or
- (2) A neighbor's trees felled by a Peril Insured Against under Coverage C;  
provided the trees:
- (3) Damage a covered structure; or

(4) Does not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

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

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

This coverage is additional insurance.

## 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in C.2. under Section I – Conditions.

## 3. 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.

## 4. Loss Assessment

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

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

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph N. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

## 5. Collapse

- a. The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse.
- b. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- c. This Additional Coverage – Collapse does not apply to:
  - (1) A building or any part of a building that is in danger of falling down or caving in;
  - (2) A part of a building that is standing, even if it has separated from another part of the building; or
  - (3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against.
- e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.
- f. This coverage does not increase the limit of liability that applies to the damaged covered property.

## 6. Building Additions And Alterations

We cover under Coverage C the building improvements or installations, made or acquired at your expense, to that part of the "residence premises" used exclusively by you. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage C.

This coverage is additional insurance.

## 7. Ordinance Or Law

- a. You may use up to 10% of the limit of liability that applies to Building Additions And Alterations for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
  - (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
  - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
  - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.
- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. We do not cover:
  - (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
  - (2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

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

This coverage is additional insurance.

### 8. Grave Markers

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

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

## SECTION I – PERILS INSURED AGAINST

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

### Windstorm Or Hail

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

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

## SECTION I – EXCLUSIONS

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

### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1.a. does not apply to the amount of coverage that may be provided for in C. 7. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or

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

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

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

### 2. Earth Movement

Earth Movement means:

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

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

### 3. Water

This means:

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

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

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



#### 4. Power Failure

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

#### 5. Neglect

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

#### 6. Intentional Loss

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

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

#### 7. Governmental Action

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

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

### SECTION I – CONDITIONS

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

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

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

#### B. Deductible

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

With respect to any one loss:

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

#### C. Duties After Loss

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

1. Give Prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 4. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

#### D. Loss Settlement

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

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

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

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

#### **F. Appraisal**

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

Each party will:

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **L. 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.

#### **M. 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.

#### **N. Policy Period**

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

#### **O. Concealment Or Fraud**

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

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

#### **P. Loss Payable Clause**

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

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

## **Q. Liberalization Clause**

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

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

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

## **R. 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.

## **S. Cancellation**

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

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

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

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

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

## **T. Nonrenewal**

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

## **U. Assignment**

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

## **V. 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.

## **W. Death**

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

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

# HOMEOWNERS 6 – UNIT-OWNERS WINDSTORM AND HAIL FORM

## AGREEMENT

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

## DEFINITIONS

**A.** In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

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

**1.** "Business" means:

**a.** A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

**b.** Any other activity engaged in for money or other compensation, except the following:

**(1)** One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;

**(2)** Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

**(3)** Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

**(4)** The rendering of home day care services to a relative of an "insured".

**2.** "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

**3.** "Insured" means:

**a.** You and residents of your household who are:

**(1)** Your relatives; or

**(2)** Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

**b.** A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

**(1)** 24 and your relative; or

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

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

**4.** "Insured location" means:

**a.** The "residence premises";

**b.** The part of other premises, other structures and grounds used by you as a residence; and

**(1)** Which is shown in the Declarations; or

**(2)** Which is acquired by you during the policy period for your use as a residence;

**c.** Any premises used by you in connection with a premises described in **a.** and **b.** above;

**d.** Any part of a premises:

**(1)** Not owned by an "insured"; and

**(2)** Where an "insured" is temporarily residing;

**e.** Vacant land, other than farm land, owned by or rented to an "insured";

**f.** Land owned by or rented to an "insured" on which a one-, two-, three- or four-family dwelling is being built as a residence for an "insured";

**g.** Individual or family cemetery plots or burial vaults of an "insured"; or

**h.** Any part of a premises occasionally rented to an "insured" for other than "business" use.

5. "Motor vehicle" means:
  - a. A self-propelled land or amphibious vehicle; or
  - b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.
6. "Residence employee" means:
  - a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or
  - b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.
7. "Residence premises" means the unit where you reside shown as the "residence premises" in the Declarations.

## SECTION I – PROPERTY COVERAGES

### A. Coverage A – Dwelling

1. We cover:
  - a. The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
  - b. Items of real property which pertain exclusively to the "residence premises";
  - c. Property which is your insurance responsibility under a corporation or association of property owners agreement; or
  - d. Structures owned solely by you, other than the "residence premises", at the location of the "residence premises".
2. We do not cover:
  - a. Land, including land on which the "residence premises", real property or structures are located;
  - b. Structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
  - c. Structures from which any "business" is conducted; or

- d. Structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

### B. Coverage C – Personal Property

#### 1. Covered Property

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

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

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

##### a. Other Residences

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

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

##### b. Self-storage Facilities

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

- (1) Moved from the "residence premises" because it is:
  - (a) Being repaired, renovated or rebuilt; and
  - (b) Not fit to live in or store property in; or

- (2) Usually located in an "insured's" residence, other than the "residence premises".

### 3. Special Limits Of Liability

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

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

This limit includes the cost to research, replace or restore the information from the lost or damaged material.
- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:

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

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

- g. \$1,500 on portable electronic equipment that:

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

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

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

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

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

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

### 4. Property Not Covered

We do not cover:

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

- b. Animals, birds or fish;

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:

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

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

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

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

- (b) Designed to assist the handicapped;

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

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

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

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

- g. Property in an apartment regularly rented or held for rental to others by an "insured";

- h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

- (1) Books of account, drawings or other paper records; or
- (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or

k. Water or steam.

### C. Coverage D – Loss Of Use

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

#### 1. Additional Living Expense

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

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

#### 2. Fair Rental Value

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

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

#### 3. Civil Authority Prohibits Use

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

### 4. Loss Or Expense Not Covered

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

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

### D. Additional Coverages

#### 1. Debris Removal

a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

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

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

(1) Trees you solely own felled by the peril of Windstorm or Hail; or

(2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees damage a covered structure.

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

This coverage is additional insurance.

#### 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in **C.2.** under Section **I** – Conditions.

### 3. 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.

### 4. Loss Assessment

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

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

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

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

This coverage is additional insurance.

### 5. Collapse

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

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

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

- (1) A building or any part of a building that is in danger of falling down or caving in;
- (2) A part of a building that is standing, even if it has separated from another part of the building; or

(3) A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

d. We insure for direct physical loss to covered property involving abrupt collapse of a building or any part of a building if such collapse was caused by the Perils Insured Against.

e. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is included.

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

### 6. Ordinance Or Law

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

(1) The construction, demolition, remodeling, renovation or repair of that part of property covered under Coverage A damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of property covered under Coverage A, when that property must be totally demolished because of damage by a Peril Insured Against to another part of that property covered under Coverage A; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of property covered under Coverage A necessary to complete the remodeling, repair or replacement of that part of the property covered under Coverage A damaged by a Peril Insured Against.

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

c. We do not cover:

(1) The loss in value to any property covered under Coverage A due to the requirements of any ordinance or law; or



- (2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any property covered under Coverage A.

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

This coverage is additional insurance.

#### 7. Grave Markers

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

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

### SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages A and C caused by the following peril unless the loss is excluded in Section I – Exclusions.

#### Windstorm Or Hail

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

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

### SECTION I – EXCLUSIONS

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

#### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion 1.a. does not apply to the amount of coverage that may be provided for in D. 6. Ordinance Or Law under Section I – Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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

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

#### 2. Earth Movement

Earth Movement means:

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

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

#### 3. Water

This means:

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

d. Waterborne material carried or otherwise moved by any of the water referred to in 3.a. through 3.c. of this exclusion.

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

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

#### 4. Power Failure

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

#### 5. Neglect

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

#### 6. Intentional Loss

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

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

#### 7. Governmental Action

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

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

### SECTION I – CONDITIONS

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

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

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

#### B. Deductible

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

With respect to any one loss:

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

#### C. Duties After Loss

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

1. Give prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;

- e. Specifications of damaged buildings and detailed repair estimates;
- f. The inventory of damaged personal property described in 6. above;
- g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

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

Covered property losses are settled as follows:

1. Personal property and grave markers, including mausoleums, at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Coverage **A** – Dwelling:
  - a. If the damage is repaired or replaced within a reasonable time, at the actual cost to repair or replace;
  - b. If the damage is not repaired or replaced within a reasonable time, at actual cash value but not more than the amount required to repair or replace.

In this provision, the terms "repaired" or "replaced" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **D. 6. Ordinance Or Law under Section I – Property Coverages.**

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

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

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

#### **F. Appraisal**

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

Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

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

1. If a loss covered by this policy is also covered by:
  - a. Other insurance, except insurance in the name of a corporation or association of property owners, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
  - b. A service agreement, except a service agreement in the name of a corporation or association of property owners, 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.
2. If, at the time of loss, there is other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance will be excess over the amount recoverable under such other insurance or service agreement.

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

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

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

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

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

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

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

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

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

## **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F. Appraisal**, **H. Suit Against Us** and **J. Loss Payment** under Section **I – Conditions** also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

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

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

## **N. 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.

## **O. Policy Period**

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

## **P. Concealment Or Fraud**

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

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

## **Q. Loss Payable Clause**

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

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

## **R. Liberalization Clause**

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

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

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

## **S. 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.

## **T. Cancellation**

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

- a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
- c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
  - (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
  - (2) If the risk has changed substantially since the policy was issued.

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

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
  4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

#### **U. Nonrenewal**

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

#### **V. Assignment**

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

#### **W. 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.

#### **X. Death**

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

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

## HOMEOWNERS 8 – WINDSTORM AND HAIL FORM

### AGREEMENT

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

### DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

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

1. "Business" means:

- a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
- b. Any other activity engaged in for money or other compensation, except the following:

- (1) One or more activities, not described in (2) through (4) below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
- (2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
- (3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
- (4) The rendering of home day care services to a relative of an "insured".

2. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

3. "Insured" means:

- a. You and residents of your household who are:
  - (1) Your relatives; or
  - (2) Other persons under the age of 21 and in your care or the care of a resident of your household who is your relative;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

- (1) 24 and your relative; or
- (2) 21 and in your care or the care of a resident of your household who is your relative.

Under Section I, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

4. "Insured location" means:

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

5. "Motor vehicle" means:

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

**6. "Residence employee" means:**

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

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

**7. "Residence premises" means:**

- a. The one-family dwelling where you reside;
- b. The two-, three- or four-family dwelling where you reside in at least one of the family units; or
- c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

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

**SECTION I – PROPERTY COVERAGES**

**A. Coverage A – Dwelling**

**1. We cover:**

- a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
- b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

**2. We do not cover land, including land on which the dwelling is located.**

**B. Coverage B – Other Structures**

**1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.**

**2. We do not cover:**

- a. Land, including land on which the other structures are located;

- b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
- c. Other structures from which any "business" is conducted; or
- d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

**3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.**

**C. Coverage C – Personal Property**

**1. Covered Property**

We cover personal property owned or used by an "insured" while on the "residence premises". After a loss and at your request, we will cover personal property owned by others while the property is on the part of the "residence premises" occupied by an "insured".

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

We also cover personal property owned or used by an "insured" while it is anywhere in the world but our limit of liability will not be more than 10% of the limit of liability for Coverage C, or \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- a. Moved from the "residence premises" because it is:

(1) Being repaired, renovated or rebuilt; and

(2) Not fit to live in or store property in; or

- b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

**3. Special Limits Of Liability**

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

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

- b. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 on trailers or semitrailers not used with watercraft of all types.
- e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
- f. \$1,500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".
- g. \$1,500 on portable electronic equipment that:
  - (1) Reproduces, receives or transmits audio, visual or data signals;
  - (2) Is designed to be operated by more than one power source, one of which is a "motor vehicle's" electrical system; and
  - (3) Is in or upon a "motor vehicle".
- h. \$250 on antennas, tapes, wires, records, disks or other media that are:
  - (1) Used with electronic equipment that reproduces, receives or transmits audio, visual or data signals; and
  - (2) In or upon a "motor vehicle".

#### 4. Property Not Covered

We do not cover:

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

- c. "Motor vehicles".

This includes a "motor vehicle's" equipment and parts.

However, this Paragraph 4.c. does not apply to:

- (1) Portable electronic equipment that:
  - (a) Reproduces, receives or transmits audio, visual or data signals; and
  - (b) Is designed so that it may be operated from a power source other than a "motor vehicle's" electrical system.
- (2) "Motor vehicles" not required to be registered for use on public roads or property which are:
  - (a) Used solely to service a residence; or
  - (b) Designed to assist the handicapped;
- d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;
- e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";
- g. Property in an apartment regularly rented or held for rental to others by an "insured";
- h. Property rented or held for rental to others off the "residence premises";
- i. "Business" data, including such data stored in:
  - (1) Books of account, drawings or other paper records; or
  - (2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;
- j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- k. Water or steam.

#### D. Coverage D – Loss Of Use

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



## 1. Additional Living Expense

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

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

## 2. Fair Rental Value

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

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

## 3. Civil Authority Prohibits Use

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

## 4. Loss Or Expense Not Covered

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

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

## E. Additional Coverages

### 1. Debris Removal

a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

This expense is included in the limit of liability that applies to the damaged property.

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

(1) Your trees felled by the peril of Windstorm or Hail; or

(2) A neighbor's trees felled by a Peril Insured Against under Coverage C;

provided the trees:

(3) Damage a covered structure; or

(4) Do not damage a covered structure, but:

(a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

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

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

This coverage is additional insurance.

### 2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in C. 2. under Section I – Conditions.

### 3. 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.

### 4. Loss Assessment

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

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

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph O. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

### SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages A, B and C caused by the following peril unless the loss is excluded in Section I – Exclusions.

#### Windstorm Or Hail

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

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

### SECTION I – EXCLUSIONS

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

#### 1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris;
- b. The requirements of which result in a loss in value to property; or
- c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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

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

#### 2. Earth Movement

Earth Movement means:

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

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

#### 3. Water

This means:

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

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

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

#### 4. Power Failure

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

#### 5. Neglect

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

#### 6. Intentional Loss

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

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

#### 7. Governmental Action

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

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

### SECTION I – CONDITIONS

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

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

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

#### B. Deductible

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

With respect to any one loss:

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

#### C. Duties After Loss

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

1. Give prompt notice to us or our agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
3. Cooperate with us in the investigation of a claim;
4. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
5. As often as we reasonably require:
  - a. Show the damaged property;
  - b. Provide us with records and documents we request and permit us to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
6. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
  - a. The time and cause of loss;
  - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
  - c. Other insurance which may cover the loss;
  - d. Changes in title or occupancy of the property during the term of the policy;
  - e. Specifications of damaged buildings and detailed repair estimates;
  - f. The inventory of damaged personal property described in 4. above;
  - g. Receipts for additional living expenses incurred and records that support the fair rental value loss.

## D. Loss Settlement

Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
  - c. Structures that are not buildings;at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings under Coverage **A** or **B**:
  - a. If you repair or replace the loss to restore the building structure for the same occupancy and use at the same site within 180 days of the date of loss, we will pay the lesser of the following amounts:
    - (1) The limit of liability that applies to the damaged or destroyed building structure; or
    - (2) The necessary amount actually spent to repair or replace the loss to the building structure but no more than the cost of using common construction materials and methods where functionally equivalent to and less costly than obsolete, antique or custom construction materials and methods.
  - b. If you do not make claim under Paragraph **a.** above, we will pay the least of the following amounts:
    - (1) The limit of liability that applies to the damaged or destroyed building structure;
    - (2) The market value at the time of loss of the damaged or destroyed building structure exclusive of land value; or
    - (3) The amount which it would cost to repair or replace that part of the building structure damaged or destroyed with material of like kind and quality less allowance for physical deterioration and depreciation.

In this provision, the terms "repair" and "replace" do not include the increased costs incurred to comply with the enforcement of any ordinance or law.

## E. Loss To A Pair Or Set

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

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

## F. Appraisal

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

Each party will:

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

## G. Other Insurance And Service Agreement

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

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

## H. Suit Against Us

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

## I. Our Option

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

## J. Loss Payment

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

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

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

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

### **L. Mortgage Clause**

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
  - a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
  - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
  - c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **F. Appraisal**, **H. Suit Against Us** and **J. Loss Payment** under Section **I – Conditions** above also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
  - a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
  - b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

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

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

### **N. 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.

### **O. Policy Period**

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

### **P. Concealment Or Fraud**

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

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

### **Q. Loss Payable Clause**

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

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

### **R. Liberalization Clause**

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

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

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

### **S. 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.

## **T. Cancellation**

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

This can be done by letting you know at least 30 days before the date cancellation takes effect.
  - d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

## **U. Nonrenewal**

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

## **V. Assignment**

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

## **W. 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.

## **X. Death**

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

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
  - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
  - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

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

## **INCREASED LIMITS ON BUSINESS PROPERTY**

### **SCHEDULE**

<b>Increase In Limit Of Liability</b>	<b>Total Limit Of Liability</b>
\$	\$
\$	\$
\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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

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

#### **3. Special Limits Of Liability**

- a. The Special Limit Of Liability in Category 3.e. that applies to "business" property on the "residence premises" is increased by the Increase In Limit Of Liability shown in the Schedule above.

This Increase In Limit Of Liability does not apply to "business" property:

**(1)** In storage or held:

- (a)** As a sample; or
- (b)** For sale or delivery after sale; or

- (2)** That pertains to a "business" actually conducted on the "residence premises".

- b. The Special Limit Of Liability in Category 3.f. that applies to "business" property away from the "residence premises" is increased to an amount that is 60 percent of the Total Limit Of Liability shown in the Schedule.

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

All other provisions of this policy apply.

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

**STRUCTURES RENTED TO OTHERS**  
RESIDENCE PREMISES

**SCHEDULE\***

Description Of Structures And Limit Of Liability	
*Entries may be left blank if shown elsewhere in this policy for this coverage.	

**DEFINITIONS**

Definition 4. which defines an "insured location" is extended to include the structures shown in the Schedule above.

**SECTION I – PROPERTY COVERAGES**

We cover the structures described in the Schedule above which are:

1. On the "residence premises";
2. Rented or held for rental to any person not a tenant of the dwelling; and
3. Used as a private residence.

We insure for direct physical loss to these structures caused by a Peril Insured Against for the limit of liability shown in the Schedule that applies to the structure sustaining the loss.

All other provisions of this policy apply.



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

**ADDITIONAL INSURED**  
RESIDENCE PREMISES

**SCHEDULE\***

Name And Address Of Person Or Organization
Interest
*Entries may be left blank if shown elsewhere in this policy for this coverage.

**DEFINITIONS**

Definition **3.** which defines "insured" is extended to include the person or organization named in the Schedule above, but only with respect to Coverage **A** – Dwelling and Coverage **B** – Other Structures.

**CANCELLATION AND NONRENEWAL NOTIFICATION**

If we decide to cancel or not to renew this policy, the person or organization named in the Schedule will be notified in writing.

All other provisions of this policy apply.

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

**PERMITTED INCIDENTAL OCCUPANCIES  
RESIDENCE PREMISES**

**SCHEDULE\***

We cover your "business" described in this Schedule, conducted at or from the "residence premises", subject to the provisions of this endorsement.

**Description Of Business:**

**Business Location** (Check 1. and/or 2. that follows):

- 1. In the dwelling building or unit in which the "insured" resides and shown as the "residence premises"
- 2. In an other structure on or at the location of the "residence premises"  
(Enter the Limit of Liability and Description of the Structure(s) below.)

**Limit Of Liability**

**Description Of Other Structure(s)**

\*Entries may be left blank if shown elsewhere in this policy for this coverage.

**SECTION I – PROPERTY COVERAGES**

1. Coverage **B** – Other Structures (or coverage for other structures under Form **HS 00 06**) does not apply to the other structure described in the Schedule above.

We cover the other structure described in the Schedule for direct physical loss by a Peril Insured Against for not more than the limit shown in the Schedule.

2. Coverage **C** – **Personal Property**, Special Limit of Liability **3.e.** is deleted and replaced by the following:

e. \$2,500 on property, on the "residence premises", used primarily for "business" purposes, other than furnishings, supplies and equipment of the "business" described in the Schedule.

The Coverage **C** limit of liability applies to property of the "business" described in the Schedule.

All other provisions of this policy apply.

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

**BUILDING ADDITIONS AND ALTERATIONS  
INCREASED LIMIT  
FORM HS 00 04**

**SCHEDULE\***

<b>SECTION I – PROPERTY COVERAGES</b>	
<b>C. Additional Coverages</b>	
<b>6. Building Additions And Alterations</b>	
The limit of liability for this Building Additions And Alterations coverage is increased as noted below.	
<b>Increase In Limit Of Liability</b>	<b>Total Limit Of Liability</b>
All other provisions of this policy apply.	
*Entries may be left blank if shown elsewhere in this policy for this coverage.	

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

## **OTHER MEMBERS OF YOUR HOUSEHOLD**

### **SCHEDULE**

Name Of Person Covered By This Endorsement
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

#### **A. Agreement**

1. We insure the person named in the Schedule above who lives with you and is a member of your household and who is not an "insured", guest, "residence employee", tenant, roomer or boarder. We also insure a person under the age of 21 who lives with and is in the legal custody of the person named in the Schedule. Such persons are insured for the coverages described in **B. Section I – Property Coverage** of this endorsement.
2. It is agreed that this endorsement is issued in reliance on information you provided concerning the residency of the person described in the Schedule.
3. You agree to notify us in writing within 30 days of a change in the:
  - a. Residency; or
  - b. Status as a household member; of the person described in the Schedule.
4. You will be solely responsible for the payment of any premium pertaining to this endorsement.
5. It is further agreed that you are the representative of the person described in the Schedule and will act in all matters pertaining to the provisions of this endorsement.

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

Under Coverage **C**, the first paragraph is replaced by the following:

We cover personal property owned or used by an "insured" or a person described in **A.1.** of this endorsement while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

1. Others, not including a person described in **A.1.** of this endorsement, while the property is on the part of the "residence premises" occupied by an "insured"; or
2. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

This coverage does not increase the Coverage **C** limit of liability.

#### **C. General Condition**

All other provisions under Section **I** of this policy that apply to you also apply to the persons described in **A.1.** of this endorsement, except Coverages **A** and **B** and Fair Rental Value under Coverage **D**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

# ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE

## SCHEDULE\*

New Total Percentage Amount:

\*Entry may be left blank if shown elsewhere in this policy for this coverage.

### SECTION I – PROPERTY COVERAGES ADDITIONAL COVERAGES

#### 7. Ordinance Or Law

The total limit of liability that applies:

a. To Coverage **A**, or

b. For Form **HS 00 04**, to Building Additions And Alterations;

is increased from 10% to the percentage amount shown in the Schedule above.

This is Additional Coverage **6**. in Form **HS 00 06**.

All other provisions of this policy apply.

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

## **ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING**

### **SECTION I – CONDITIONS**

This endorsement modifies the Section I – Loss Settlement Condition in the policy form with respect to a covered loss for roof surfacing caused by the peril of windstorm or hail. Such loss will be subject to actual cash value loss settlement. Therefore, the loss settlement conditions that pertain to "repair or replacement cost without deduction for depreciation" are changed as noted below:

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

1. In all forms except **HS 00 06** and **HS 00 08** and the Special Loss Settlement endorsement:
  - a. Paragraph 1.c. is replaced by the following:
    - c. Structures that are not buildings, including their roof surfacing;
  - b. The following is added to Paragraph 1.:
    - e. Roof surfacing on structures that are buildings if a loss to the roof surfacing is caused by the peril of windstorm or hail.
  - c. In Paragraph 2., the introductory statement "Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:" is replaced by the following:
    2. Buildings covered under Coverage **A** or **B**, except for their roof surfacing if the loss to the roof surfacing is caused by the peril of windstorm or hail, at replacement cost without deduction for depreciation, subject to the following:
2. In Form **HS 00 06**, Condition **D. Loss Settlement** is replaced by the following:

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

Covered property losses are settled as follows:

1. Property of the following types:
  - a. Personal property and grave markers, including mausoleums; and

- b. Roof surfacing if the loss is caused by the peril of windstorm or hail;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Coverage **A**, except for roof surfacing if loss is caused by the peril of windstorm or hail:
  - a. If the damage is repaired or replaced within a reasonable time, at the actual cost to repair or replace;
  - b. If the damage is not repaired or replaced within a reasonable time, at actual cash value but not more than the amount required to repair or replace.

In this provision, the terms "repaired" or "replaced" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **D.7. Ordinance Or Law** under Section I – Property Coverages.

3. In Form **HS 00 08**:

- a. Paragraph 1.c. is replaced by the following:
      - c. Structures that are not buildings, including their roof surfacing;
    - b. The following paragraph is added to Paragraph 1.:
      - d. Roof surfacing on structures that are buildings if a loss to the roof surfacing is caused by the peril of windstorm or hail.

- c. In Paragraph 2., the introductory statement "Buildings under Coverage A or B:" is replaced by the following:

2. Buildings under Coverage A or B, except for their roof surfacing if the loss to the roof surfacing is caused by the peril of windstorm or hail:

The provisions of this endorsement do not apply to structures insured under either the Coverage B – Other Structures Away From The Residence Premises endorsement or the Specific Structures Away From The Residence Premises endorsement, if made a part of the policy.

All other provisions of this policy apply.

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

# **ADDITIONAL INSURED – STUDENT LIVING AWAY FROM THE RESIDENCE PREMISES**

## **SCHEDULE**

<b>Name And Address Of Student</b>	<b>Name Of School</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

### **DEFINITIONS**

Definition 3., which defines "insured", is extended to include the person named in the Schedule above, but only if that person:

1. Was a resident of your household before moving out to attend the school named in the Schedule; and
2. Resides at the address shown in the Schedule; and
  - a. Is your relative; or

- b. Is an other person under the age of 21 and in your care or the care of a relative who is a resident of your household.

### **SECTIONS I – CONDITIONS**

The coverage provided to the person named in the Schedule only applies while that person is enrolled at the school and is residing at the address shown in the Schedule.

All other provisions of this policy apply.



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

**LANDLORD'S FURNISHINGS**  
FORMS HS 00 02, HS 00 03 ONLY

**SCHEDULE\***

	Increase In Limit Of Liability	Total Limit Of Liability
1.	\$	\$
2.	\$	\$
3.	\$	\$
*Entries may be left blank if shown elsewhere in this policy for this coverage.		

Additional Coverage **E.6. Landlord's Furnishings** under **Section I – Property Coverages** is extended:

1. As indicated in the Schedule above; and

2. Subject to the Coverage **C** limit that applies at the time of loss.

All other provisions of this policy apply.

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

## TRUST ENDORSEMENT – NORTH CAROLINA

### SCHEDULE

<b>1. Trust Name</b>	<b>Trust Address</b>
<b>Insured(s)</b>	
<b>2. Trustee Name(s)</b>	<b>Trustee Address(es)</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following provisions apply with respect to the Trust and Trustee(s) named in Items **1.** and **2.** in the Schedule of this endorsement:

**DEFINITIONS**

**A.** The following is added to Definition **3.** "Insured":

**3.** "Insured" means:

- c.** The Trustee(s) named in Item **2.** in the Schedule as an Insured but only for Coverage **A** – Dwelling and Coverage **B** – Other Structures.

However, this Paragraph **A.3.c.** applies only with respect to the Trustee's duties as a Trustee of the Trust named in Item **1.** in the Schedule.

**B.** The following definitions are replaced:

- 1.** "Business" includes any full- or part-time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes, except activities performed as a Trustee in connection with administering the Trust named in Item **1.** in the Schedule of this endorsement.
- 4.** "Insured location" means:
  - a.** The following real property but only if legal title to such property is held in trust with respect to the Trust named in Item **1.** in the Schedule:
    - (1)** The "residence premises";
    - (2)** The part of other premises, other structures and grounds used by you as a residence; and

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

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

- a. Repay; or
- b. Share damages with;
 

another person who may be obligated to pay damages because of "bodily injury" to that "insured".

**SECTIONS I – CONDITIONS**

**A.** The following is added to the **Cancellation** provision:

If this policy is cancelled, notice will also be mailed to the Trustee(s) named in Item 2. in the Schedule.

**B.** The following is added to the **Nonrenewal** provision:

If we elect not to renew this policy, notice will also be mailed to the Trustee(s) named in Item 2. in the Schedule.

The following provisions are added:

**Trust Documents**

We must be provided, as often as we reasonably request, with copies of the trust documents for the Trust named in Item 1. in the Schedule.

**Changes And Notification Requirements**

We must be notified promptly of any of the following changes related to the Trust named in Item 1. in the Schedule that occur during the policy period:

- A.** Changes in:
  - 1. The name and address of the Trust;
  - 2. The Trustee(s) of the Trust, including the addition or removal of a trustee; or
  - 3. The mailing address of any trustee of the Trust.
- B.** Termination of the Trust.
- C.** Death or disability of a trustee.
- D.** The grantor (or settlor) of the Trust discontinues residing at the "residence premises".

All other provisions of this policy apply.

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

## **SPECIAL PROVISIONS – NORTH CAROLINA**

### **DEFINITIONS**

Definition **B.1.** is replaced by the following:

1. "Business" includes any full- or part-time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes.

The following definition is added to Paragraph **B.** in all forms:

8. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

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

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

##### **4. Property Not Covered**

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

- (a) Used to service an "insured's" residence; or

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

In all forms except **HS 00 06** and **HS 00 08**:

Paragraph **1. Debris Removal** is replaced by the following:

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

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

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.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail; or

- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees:

- (3) Damage a covered structure; or

- (4) Do not damage a covered structure, but:

- (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

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

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

This coverage is additional insurance.

In Form **HS 00 06**:

Paragraph **1. Debris Removal** is replaced by the following:

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

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

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.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Trees you solely own felled by the peril of Windstorm or Hail; or Weight of Ice, Snow or Sleet; or

- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees damage a covered structure. The \$500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

In Form **HS 00 08**:

Paragraph **1. Debris Removal** is replaced by the following:

**1. Debris Removal**

- a. We will pay your reasonable expense for the removal of debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss.

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.

- b. We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- (1) Your trees felled by the peril of Windstorm or Hail; or

- (2) A neighbor's trees felled by a Peril Insured Against under Coverage **C**;

provided the trees:

- (3) Damage a covered structure; or

- (4) Do not damage a covered structure, but:

- (a) Block a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

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

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

This coverage is additional insurance.

The following Additional Coverage is added to all forms except **HS 00 04**:

**9. "Fungi", Wet Or Dry Rot, Or Bacteria**

- a. We will pay up to a total of \$5,000 for:

- (1) Direct physical loss to property covered under Section **I – Coverage A – Dwelling, Coverage B – Other Structures and Coverage C – Personal Property** caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria if the direct result of a Peril Insured Against; and

- (2) The necessary increase in costs which you incur to maintain your normal standard of living when the "residence premises" is uninhabitable due to a loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

The coverage provided above is the only coverage under Section **I – Coverage A – Dwelling, Coverage B – Other Structures, Coverage C – Personal Property and Coverage D – Loss Of Use** for loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

- b. The amount in a. above is the most we will pay for the cost:

- (1) To remove "fungi", wet or dry rot, or bacteria from covered property;

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

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

- c. The coverage provided above applies only when such loss or costs are the result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and protect the property from further damage at or after the time of the occurrence of that Peril Insured Against.

- d. If there is covered loss to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

This is additional insurance and is the most we will pay for the total of all loss or costs payable under the Additional Coverage regardless of the number of locations insured or the number of claims made. No deductible applies to this coverage.

(This is Additional Coverage **8.** in Form **HS 00 06** and Additional Coverage **5.** in Form **HS 00 08.**)

## SECTION I – EXCLUSIONS

Paragraph **2. Earth Movement** is replaced by the following:

### 2. Earth Movement

Earth Movement means:

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

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

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

(This is Paragraph **A.2.** in Form **HS 00 03.**)

Paragraph **3. Water** is replaced by the following:

### 3. Water

This means:

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

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

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

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

(This is Paragraph **A.3.** in Form **HS 00 03.**)

Paragraph **6. Intentional Loss** is replaced by the following:

### 6. Intentional Loss

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

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss.

(This is Paragraph **A.6.** in Form **HS 00 03.**)

The following exclusion is added:

### 8. "Fungi", Wet Or Dry Rot, Or Bacteria

"Fungi", Wet Or Dry Rot, Or Bacteria means the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria other than as provided in Additional Coverage **9.** "Fungi", Wet Or Dry Rot, Or Bacteria.

(This is Exclusion **A.8.** in Form **HS 00 03.**)

## SECTION I – CONDITIONS

### C. Duties After Loss

The following is added to the end of Paragraph **6.:**

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60-day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

### D. Loss Settlement

In Forms **HS 00 02** and **HS 00 03** Subparagraph **2.a.** is replaced by the following:

- 2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:

- (1) The limit of liability under this policy that applies to the building;
- (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
- (3) The necessary amount actually spent to repair or replace the damaged building on the "residence premises" or some other premises within the State of North Carolina.

Paragraph **F. Appraisal** is replaced by the following:

#### **F. Appraisal**

If you and we fail to agree on the value or amount of any item or loss, either may demand an appraisal of such item or loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. 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 a choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:

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

In no event will an appraisal be used for the purpose of interpreting any policy provision, determining causation or determining whether any item or loss is covered under this policy. If there is an appraisal, we still retain the right to deny the claim.

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

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

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

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

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

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. We will pay within 60 days after the amount is finally determined.

This amount may be determined by:

- a. Reaching an agreement with you;
- b. Entry of a final judgment; or
- c. The filing of an appraisal award with us.

The following condition is added:

#### **Choice Of Law**

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.

All other provisions of this policy apply.

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

## SPECIAL LOSS SETTLEMENT – NORTH CAROLINA

### SCHEDULE

<b>Percentage Amount Of Full Replacement Cost:</b>	<b>%</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**SECTION I – CONDITIONS**

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

**D. Loss Settlement**

In this Condition **D.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in Additional Coverage **E.7. Ordinance Or Law**. Covered property losses are settled as follows:

1. Property of the following type:
  - a. Personal property;
  - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
  - c. Structures that are not buildings; and
  - d. Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:
  - a. If, at the time of loss, the amount of insurance in this policy on the damaged building is equal to or more than the percentage amount of the full replacement cost of the building immediately before the loss, shown in the Schedule above, we will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
    - (1) The limit of liability under this policy that applies to the building;

- (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
- (3) The necessary amount actually spent to repair or replace the damaged building on the "residence premises" or some other premises within the State of North Carolina.

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

- b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than the percentage amount of the full replacement cost of the building immediately before the loss, shown in the Schedule, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:
  - (1) The actual cash value of that part of the building damaged; or
  - (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to the percentage of the full replacement cost of the building shown in the Schedule.



- c. To determine the amount of insurance required to equal the percentage amount of the full replacement cost of the building immediately before the loss, shown in the Schedule, do not include the value of:
- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor; or
  - (2) Those supports in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
  - (3) Underground flues, pipes, wiring and drains.
- d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss according to the provisions of **2.a.** and **b.** above.

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

- (1) Less than 5% of the amount of insurance in this policy on the building; and
  - (2) Less than \$2,500;
- we will settle the loss according to the provisions of **2.a.** and **b.** above whether or not actual repair or replacement is complete.
- e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **D. Loss Settlement**, provided you notify us, within 180 days after the date of loss, of your intent to repair or replace the damaged building.

All other provisions of this policy apply.