

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS – TEXAS

AGREEMENT is replaced by the following:

In reliance on the information you have given us, we agree to provide the insurance coverages indicated on the Policy Declarations. In return, you must pay the premium when due and comply with the policy terms and conditions and immediately inform us of any change of title, use or occupancy of the “residence premises”.

DEFINITIONS

Under Paragraph **B.**, item **11.** is replaced by the following:

11. “Residence Premises” means:

- a.** The one family dwelling, other structures, and grounds; or
- b.** That part of any other building;

where you reside and which is shown as the “residence premises” on the Declarations.

“Residence premises” also means a two family dwelling where you reside in at least one of the family units and which is shown as the “residence premises” in the Declarations.

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

- 12.** “Fungi” means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 13.** “Business day” means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.
- 14.** “Vacant” means the dwelling lacks the necessary amenities, adequate furnishings, or utilities and services to permit occupancy of the dwelling as a residence.
- 15.** “Unoccupied” means the dwelling is not being inhabited as a residence.
- 16.** “Fuel System” means:
 - a.** One or more containers, tanks or vessels which have a total combined liquid fuel storage capacity of 100 or more U.S. gallons; and:
 - (1)** Are, or were, used to hold liquid fuel; and
 - (2)** Are, or were, located on any one location;

- b.** Any pumping apparatus, which includes the motor, gauge, nozzle, hose or pipes that are, or were, connected to one or more containers, tanks or vessels described in Paragraph **a.**;
- c.** Filler pipes and flues connected to one or more containers, tanks or vessels described in Paragraph **a.**;
- d.** A boiler, furnace or a water heater, the liquid fuel for which is stored in a container, tank or vessel described in Paragraph **a.**;
- e.** Fittings and pipes connecting the boiler, furnace or water heater to one or more containers, tanks or vessels described in Paragraph **a.**;
- f.** A structure that is specifically designed and built to hold escaped or released liquid fuel from one or more containers, tanks or vessels described in Paragraph **a.**

A “fuel system” does not include any fuel tanks that are permanently affixed to a motor vehicle or watercraft owned by an “insured”, used for powering the motor vehicle or watercraft and not used at any time or in any manner for “business”.

- 17.** “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals sewage and waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.

The following exceptions apply with regard to pollutants:

- a.** Loss caused by pollutants that escape from heating and air conditioning systems and appliances (HVAC);
- b.** Loss caused by common household chemicals used to maintain the residence premises.
- c.** Loss caused by pollutants released from a hostile fire. A hostile fire is a fire which becomes uncontrollable or breaks out from where it was intended to be.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

Item 1.a. is replaced by the following:

- a. The dwelling on the “residence premises” used mainly as your private residence shown on the Declarations, including attached structures, other than fences, and attached wall-to-wall carpeting if damage to the dwelling is caused by a covered loss.

The following is added under item 1.:

- c. In-ground swimming pools including related permanently installed equipment such as pumps and filters.

B. Coverage B – Other Structures

Item 1. is replaced by the following:

1. We cover:
 - a. Other structures on the “residence premises” set apart from the dwelling by a clear space;
 - b. Other structures connected to the dwelling by only a fence, utility line, or similar connection; and
 - c. Fences.

Item 3. is replaced by the following:

3. The limit of liability for this coverage will not be more than the limit of liability on the declaration page for Coverage B. Use of this coverage does not reduce the Coverage A limit of liability.

Under COVERAGE A – Dwelling and COVERAGE B – Other Structures

The following are added:

Special Limits of Liability

Cosmetic and Aesthetic Damage to Floors The total limit of liability for Coverages A and B combined is \$10,000 per policy term for cosmetic and aesthetic damages to floors, resulting from a covered cause of loss.

- a. Cosmetic or aesthetic damage includes, but is not limited to, chips, scratches, dents or any other damage to less than 5% of the total floor surface area and does not prevent typical use of the floor.
- b. This limit includes the cost of tearing out and replacing any part of the building necessary to repair the damaged flooring.
- c. This limit does not increase the Coverage A or Coverage B limits of liability shown on the declaration page.
- d. This limit does not apply to cosmetic or aesthetic damage to floors caused by a **Peril Insured Against** as named and

described for Coverage C – Personal Property.

Damage to Siding, Roofing and/or Windows

In the event of damage to siding, roofing and/or windows of the covered dwelling and other structures at the “insured location”, we will reimburse you up to 2% of the limit of liability for Coverage A for the cost you incur to replace any undamaged siding, soffit, fascia, roofing and/or windows of like kind and quality to match those materials that were used to repair or replace the property damaged as a result of a covered peril.

C. Coverage C – Personal Property

Under item 3. **Special Limits of Liability**, the following items are added:

- l. \$2,500 on personal computers and related peripherals such as disk drives, printers, and commercial software. We will not pay for other software or lost data.
- m. 10% of the total Coverage C amount for any one item of unscheduled personal property.
- n. \$1,000 on all collections including but not limited to baseball cards, comic books, album covers and any other memorabilia. This limit applies regardless of the number of collections or collectibles.
- o. \$1,000 for loss to art glass windows and other works of art such as, but not limited to statuary (including but not limited to Hummels), marbles, bronzes, porcelains, rare glass, and bric-a-brac.
- p. \$1,500 for bicycles and attached related equipment.
- q. \$2,000 for any individual item or set of electronic equipment caused directly or indirectly by theft or vandalism with a maximum total limit of 10% of the Coverage C limit for all electronic equipment. Electronic equipment includes, but is not limited to:
 - (1) Televisions, audio, video and other electronic media playing and/or recording devices.
 - (2) Audio and video media storage devices such as dvds, records, cds, and tapes.
 - (3) Cameras, projectors and related equipment.
 - (4) Gaming systems including their games and accessories.
- r. \$5,000 for loss to tools.

4. Property Not Covered

Item **g.** is replaced by the following:

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

D. Coverage D – Loss of Use

Item **1. Additional Living Expense** is replaced by the following:

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 necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living. We will pay:

- a.** 80% of the additional living expenses you incur due to a windstorm or hail loss; or
- b.** 100% of the additional living expenses you incur due to a covered loss other than windstorm or hail

but no more than the limit of liability shown for Coverage **D** on the declaration page.

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

Item **2. Fair Rental Value** is

deleted. Item **3.** is replaced by the following:

3. Civil Authority Prohibits Use

If civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, we cover the Additional Living Expense as provided under

- 1.** above for no more than two weeks.

E. Additional Coverages

Item **10. Landlord's Furnishings** is

deleted. Under item **11. Ordinance Or**

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

- (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 but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals sewage and waste. Waste includes but is not limited to materials to be

recycled, reconditioned or
reclaimed.

The following is added to item **11. Ordinance Or Law:**

- d.** If the insured property is located in an area which is eligible for coverage through the Texas Windstorm Insurance Association, the coverage described above also applies to the increased cost you incur due to the repair, replacement or demolition required for the dwelling to comply with the building specifications contained in the Texas Windstorm Insurance Association's plan of operation. This Additional Coverage does not add coverage for the peril of Windstorm or Hail if such coverage is excluded on your policy.

Item **12. Grave Markers** is deleted.

SECTION I – PERILS INSURED AGAINST

The introductory paragraph, item **A.1.** is replaced by the following:

We insure for sudden and accidental direct physical loss to property described in Coverages **A** and **B**. "Accidental" means an abrupt event which is unintended from the perspective of the insured.

The introductory paragraph, item **B.** is replaced by the following:

We insure for sudden and accidental direct physical loss to the property described in Coverage **C** caused by any of the following perils unless the loss is excluded under Section **I** – Exclusions. "Accidental" means an abrupt event which is unintended from the perspective of the insured.

Under **A. Coverage A – Dwelling and Coverage B – Other Structures:**

Item **2.c.(4)** is replaced by the following:

- (4)** Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been "vacant" or "unoccupied" for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered "vacant" or "unoccupied";

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

- (5)** Constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of 14 or more days from within a plumbing, heating, air conditioning or automatic fire

protective sprinkler system, or from within a household appliance.

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

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

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

The following are added to item **2.c.(6)**:

- (i) Nesting or infestation, or discharge or release of waste products or secretions, by any animals;
- (j) Pressure from or presence of tree, shrub or plant roots.

Item **2. Exception To c.(6).(i)** is deleted

Under **B. Coverage C – Personal Property**: Item **12.b.(4)** is replaced by the following:

- (4) Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of 14 or more days from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

SECTION I – EXCLUSIONS

Under item **A.1. Ordinance Or Law**, paragraph **c.** is replaced by the following:

- 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 but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, sewage and waste. Waste includes but is not limited to materials to be recycled, reconditioned or reclaimed.

Item **A.3. Water Damage** is replaced by the following:

3. Water Damage

Water Damage 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, water-borne material, sewage or any other substance which backs up through sewers or drains;
- c. Water, water-borne material, sewage or any other substance that overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure; or
- d. Water, water-borne material, sewage or any other substance on or below the surface of the ground, regardless of its source. This includes water or any other substance which exerts pressure on or flows, seeps or leaks through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

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

Direct loss by fire, explosion or theft resulting from water damage is covered.

Item **A.8. Intentional Loss** is replaced by the following:

8. Intentional Loss

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

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

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

(1) Filed a police report; and

(2) Cooperated with law enforcement investigation or prosecution relating to any other "insured" causing the intentional loss.

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

exclusion, we may require an assignment of rights of recovery to the extent that payment is made by us.

The following Exclusions are added:

10. "Fungi" Or Microbes

- a. "Fungi" or microbes means the presence, growth, proliferation, spread or any activity of "fungi" or microbes.
- This exclusion also applies to the cost:
- (1) To remove "fungi" or microbes from property covered under Section I – Property Coverages;
 - (2) To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi" or microbes; and
 - (3) Of testing of air or property to confirm the absence, presence or level of "fungi" or microbes.
- b. Exclusion 10.a. applies unless the "fungi" or microbes are located upon the portion of covered property which must be repaired or replaced because of direct physical damage resulting from sudden and accidental discharge or overflow of water, or any peril, covered under this Policy. For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date it was detected or should have been detected.
- c. However, the exception to the exclusion described in 10.b. does not include:
- (1) The cost to treat, contain, remove or dispose of the "fungi" or microbes beyond that which is required to repair or replace the covered property physically damaged by water;
 - (2) The cost of any testing of air or property to confirm the absence, presence or level of "fungi" or microbes whether performed prior to, during or after removal, repair, restoration or replacement;
 - (3) The cost of any decontamination of the "residence premises"; and
 - (4) Any increase in loss under Coverage D – Loss Of Use and Additional Coverage 1. Debris Removal resulting from c.(1), (2) or (3).

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

11. Criminal or Illegal Activity

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Criminal and Illegal Activity means any and all property damage resulting from a criminal or illegal activity, which the insured committed with the intent to cause loss, or such that the intent of loss is inferred as a matter of law.

12. Existing Damage

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

13. Windstorm or Hail

Windstorm or Hail to:

- a. Outdoor radio equipment, television antennas, satellite dishes, and aerials including their lead wiring, masts and towers;
- b. Awnings, aluminum framed screened enclosures, aluminum-framed carports, and aluminum sheds; and
- c. Solar panels, solar water heating systems including solar panels, pipes supplying and returning water to solar panels, and equipment or devices controlling solar water heating systems.

14. Diminished Value

We do not cover any loss due to diminished value of any property covered under this policy.

SECTION I – CONDITIONS

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

Policy A Liquidated Demand

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

Item B. **Duties After Loss** is replaced by the following:

B. Duties After Loss

1. Your Duties After Loss

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

- a. Give prompt notice to us or our agent.

With respect to loss caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code, any claim must be filed with us not later than one year after the date of the loss that is the subject of the claim. However, any such claim may be filed after the first anniversary of the date of the loss for good cause shown by the person filing the claim, subject to the following conditions:

- (1) For purposes of this provision, good cause means objective facts beyond your control that reasonably cause you to fail to file a claim under the policy within the one-year claim-filing deadline;
 - (2) If good cause is shown, we may extend the one-year claim-filing period. An extension granted is effective on the date the one-year claim-filing period expires. The extension is limited to the claim for which it is granted; and
 - (3) A request for an extension must:
 - (a) Be submitted to us in writing;
 - (b) Describe the good cause that caused you to miss the one-year claim-filing deadline; and
 - (c) Be signed by you or your legal representative.
- b. Notify the police in case of a loss by theft or vandalism or malicious mischief and:
- (1) File a police report describing all items stolen;
 - (2) Submit the filed report to us; and
 - (3) Cooperate with the police in their investigation.
- c. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage under Section I – Property Coverages**;
- d. Protect the property from further damage. If repairs to the property are required, you must:
- (1) Make reasonable and necessary repairs to protect the property; and
 - (2) Keep an accurate record of repair expenses;
- e. Cooperate with us in the investigation of a claim;
- f. Prepare an inventory of damaged personal property showing the quantity,

description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;

- g. As often as we reasonably require:
- (1) Show the damaged property;
 - (2) Provide us with records and documents we request and permit us to make copies; and
 - (3) You, any "insured" and any one you hire in connection with your claim, must:
 - (a) Submit to examinations under oath and recorded statements, while not in the presence of any other "insured". However, if you are a minor, a parent or guardian may be present; and
 - (b) Sign the Same; and
 - (4) If you are an association, corporation or other entity; any members, officers, directors, partners or similar representatives of the association, corporation or other entity and anyone you hire in connection with your claim; must:
 - (a) Submit to examinations under oath and recorded statements, while not in the presence of any other "insured". However, if you are a minor, a parent or guardian may be present; and
 - (b) Sign the Same.
 - (5) Representations made by any of the preceding persons who appear in the examinations under oath and/or recorded statements will be deemed to be your representations.
- h. Send to us, within 91 days after our request, your signed, sworn proof of loss on a standard form supplied by us. We must request a signed, sworn proof of loss within 15 days after we receive your written notice, or we waive our right to require a proof of loss. Such waiver will not waive our other rights under this Policy.
- (1) This proof of loss shall set forth, to the best of your knowledge and belief:
 - (a) The time and cause of loss;
 - (b) The interests of all "insureds" and all others in the property involved and all liens on the property;
 - (c) Other insurance which may cover the loss;

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

2. Our Duties After Loss

- a. No later than 15 days after we receive your written notice of claim, we must:
 - (1) Acknowledge receipt of the claim.
If our acknowledgment of the claim is not in writing, we will keep a record of the date, means and content of our acknowledgment;
 - (2) Begin an investigation of the claim; and
 - (3) Specify the information you must provide in accordance with Paragraph **B.1.** Your Duties After Loss above.
We may request more information if during the investigation of the claim such additional information is necessary;
- b. After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied or whether more information is needed:
 - (1) Within 15 "business days"; or

- (2) Within 30 days if we have reason to believe the loss resulted from arson;
- c. If we do not approve payment of your claim or require more time for processing your claim, we must:
- (1) Give the reason for denying your claim; or
 - (2) Give the reasons we require more time to process your claim. But we must either approve or deny your claim within 45 days after requesting more time.

C. Loss Settlement

Item 1. is replaced by the following:

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

Item 2. 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. We will pay the cost to repair or replace, after application of any deductible and 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. 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.** 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. above whether or not actual repair or replacement is complete.

- c. We will not pay for increased costs resulting from enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure.
- d. 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 C. Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

The following is added to **C. Loss Settlement**:

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

Item **D. Loss To A Pair Or Set** is replaced by the following:

D. Loss To A Pair Or Set

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

Item **E. Appraisal** is replaced by the following:

E. Appraisal

If you and we agree on the scope of direct physical loss or damage that is covered by the terms and conditions of this policy but disagree on the amount payable for that scope of loss, either may make written demand for an appraisal of the agreed-upon scope of loss to resolve the disagreement.

If appraisal is demanded by either party, each will choose a competent, disinterested, and impartial appraiser within 20 days after receiving a written demand from the other. The two appraisers will choose an umpire.

If the two appraisers cannot agree upon an umpire within 15 days of both parties naming their appraiser, then either party may seek selection of an umpire by filing a petition in a court of record in the county and jurisdiction where the "residence premises" is located, provided the requesting party provides the non-requesting party with notice at least 15 days

prior to any hearing via certified mail.

An umpire must be competent, disinterested, and impartial.

All written demands for appraisal and notice of hearings to us must be sent to the address for the insurer listed on the Declarations page.

The appraisers will separately appraise the amount of the agreed-upon scope of loss. If the appraisers submit a signed written report of an agreement to us that itemizes all items or elements of loss and delineates the amount for each applicable coverage in the policy, in both actual cash value and replacement cost value, the amount agreed upon will be the amount of loss as the appraisal award. If they fail to agree, they will submit their differences to the umpire and the umpire will generate a proposed written report as set forth above. A written report, as set forth above, agreed to and signed by any two will set the amount of loss as the appraisal award and is binding on both parties.

Each party will:

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

If there is an appraisal award, we still retain our right to deny any portion of the claim with respect to issues of coverage, and to apply any applicable policy terms, limits, deductibles, and conditions.

Suit cannot be filed against us during the appraisal process. If suit was filed against us prior to the demand of appraisal, suit will be held in abatement until the execution of an appraisal award.

Item **G. Suit Against Us** is replaced by the following:

G. Suit Against Us

- 1. Except as provided in Paragraph 2., no suit or action can be brought against us unless there has been full compliance with all of the terms under Section I of this Policy. Action must be brought against us within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.
- 2. With respect to suits brought in connection with claims for loss caused by windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code:

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

- a. Two years and one day from the date we accept or reject the claim; or
- b. Three years and one day from the date

of the loss that is the subject of the claim.

Item **I. Loss Payment** is replaced by the following:

I. Loss Payment

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

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

K. Mortgage Clause

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

- c. Submits a signed, sworn statement of loss within 91 days after receiving notice from us of your failure to do so. Paragraphs **B.2.** and **B.7.** of Duties After Loss, **E.** Appraisal, **G.** Suit Against Us and **I.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.

The following is added to **K. Mortgage Clause**:

- 6. We provide coverage to no mortgagee or its representatives under this policy if, whether before or after a loss, a mortgagee or its representatives has:
 - a. Intentionally concealed or misrepresented any material fact or circumstance;
 - b. Engaged in fraudulent conduct; or
 - c. Made false statements;

relating to this insurance.

Item **Q. Concealment Or Fraud** is replaced by the following:

Q. Concealment Or Fraud

To the extent permitted by Texas Insurance Code sections 705.003 and 705.004, this policy is void when the "insured" who, whether before or after a loss, has

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

relating to this insurance.

The following Conditions are added:

S. Residential Community Property Clause

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

Policy, until the expiration of the Policy or until cancelled in accordance with the terms and conditions of this Policy.

T. Catastrophe Claims

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

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

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

U. Venue

This policy and any performance there under shall be construed with and governed by the laws of the State of Texas.

V. Assignment of Claim Benefits

No assignment of claim benefits, regardless of whether made before loss or after loss, shall be valid without the written consent of all "insureds", all additional insureds and all mortgagee(s) named in this policy.

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

Under Paragraph **1.**:

Item **c.(4)** is replaced by the following:

- (4) Used for any "business" purpose.

Under Paragraph **2.**:

Item **d.(2)** is deleted.

Item **e.** is replaced with the following.

- e. A motorized golf cart that is owned by an "insured", designed to carry no more than 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
 - (1) A golf course and is being used to play golf; or
 - (2) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (b) Cross public roads at designated points to access other parts of the golfing facility.

E. Coverage E – Personal Liability and

Coverage F – Medical Payments to Others

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

1. **Expected Or Intended Injury**

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

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

Item 2. **"Business"** is replaced by the following:

2. **"Business"**

a. "Bodily injury" or "property damage" arising out of or in connection with:

(1) A "business" engaged in by an "insured" or conducted from an "insured location"; or

(2) The rental or holding for rental of any part of the "insured location" by an "insured", regardless of the total annual compensation.

b. However, this exclusion does not apply to:

(1) The rental or holding for rental of part of the "residence premises" for sole use as a residence to no more than two roomers or boarders, if disclosed on the application; or

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees.

Item 6. **Communicable Disease** is replaced by the following:

6. **Communicable Disease**

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

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

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

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

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

Item 8. **Controlled Substance** is replaced by the following:

8. **Controlled Substance**

"Bodily injury" or "property damage"

arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined under federal law. Controlled Substances include but are not limited to cocaine, LSD, marijuana, and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician;

The following Exclusions are added:

9. **Trampolines**

"Bodily injury" or "property damage" arising out of the ownership or use of a trampoline owned by, rented by or loaned to any insured, whether on the "residence premises" or elsewhere.

10. **Animals**

"Bodily injury" or "property damage" caused, whether in whole or in part, by any animal owned or kept, including temporary supervision, by you or any insured, resident, tenant, or guest whether or not the injury or damage occurs on the "residence premises" or elsewhere.

11. **"Fungi", Wet or Dry Rot, or "Bacteria"**

"Bodily injury" or "property damage" arising directly or indirectly, in whole or part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi", wet or dry rot, or "bacteria".

"Fungi" means any type or form of fungus, including mold or mildew, and any microtoxins, spores, scents or by-products produced or released by fungi.

"Bacteria" means any type, kind or form of bacterium.

12. **Diving Boards or Slides**

"Bodily injury" or "property damage" arising out of the ownership or use of a diving board or slide owned by or rented by any insured or resident whether on the "residence premises" or elsewhere.

13. **"Fuel Systems"**

"Bodily injury" or "property damage" arising out of, resulting from, caused by or contributed to by the escape or release of liquid fuel from a "fuel system". This exclusion applies, but is not limited to:

a. Any supervision, instructions, recommendations, warnings or advice given in connection with the above;

b. Any obligation to share damages, losses, costs, payments or expenses with or repay someone else who must make payment because of such "bodily injury" or "property damage", damages,

loss, cost, payment or expense; or

- c. Any request, order or requirement to test for, monitor, abate, mitigate, remediate, contain, remove, dispose of, or in any way respond to or assess the effects of liquid fuel.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of fire or explosion resulting from such escaped or released liquid fuel.

SECTION II – CONDITIONS

The following condition is added:

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

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

SECTIONS I AND II – CONDITIONS

Item C. Cancellation is replaced by the following:

C. Cancellation

1. You may cancel this Policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this Policy at any time for the reasons stated in this condition by mailing you notice in writing of the date cancellation takes effect.
 - a. If this Policy has been in effect for less than 60 days and is not a renewal policy, we may not cancel this Policy unless:
 - (1) We identify a condition that:
 - (a) Creates an increased risk of hazard;
 - (b) Was not disclosed in the application for insurance coverage; and
 - (c) Is not the subject of a prior claim; or
 - (2) Before the effective date of the Policy, we do not accept a copy of a required inspection report that:
 - (a) Was completed by an inspector licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and

- (b) Is dated not earlier than the 90th day before the effective date of the Policy.

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

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

The effective date of cancellation cannot be before:

- (1) The 10th day after we mail notice if we cancel for reason (3), (4), (5) or (6) above.
- (2) The 30th day after we mail notice if we cancel for any other reason.

- b. If this Policy has been in effect 60 days or more, or at any time if it is a renewal policy, we may not cancel this Policy unless:

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

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

3. When this Policy is cancelled, we will send you any refund due not later than the 15th "business day" after the effective date of cancellation. The premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If we cancel, our notice to you will state that if this refund is not included with the notice,

it will be returned on demand or not later than the 15th "business day" after the date of cancellation.

5. We may not cancel this Policy solely because you are an elected official.

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

D. Refusal To Renew

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

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

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

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

The following Conditions are added:

H. Our Right to Recover Payment

1. If we make a payment under this policy and the person to or for whom payment was made has a right to cover damages from another, we shall be subrogated to that right. That person shall do:
 - a. Whatever is necessary to enable us to exercise our rights; and
 - b. Nothing after loss to prejudice them.
2. If we make a payment under this policy and the person to or for whom payment is made recovers damages from another, that person shall:
 - a. Hold in trust for us the proceeds of the recovery; and
 - b. Reimburse us to the extent of our payment.

I. Our Right To Recompute Premium

We established the premium for this policy based on the statements you made in the application for insurance. We have the right to recompute the premium if we later obtain information which affects the premium we charged.

All other provisions of this policy apply.