

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS - TEXAS

DEFINITIONS

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

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

The following is added to Paragraph **C.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.

SECTION I - PERILS INSURED AGAINST

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

- (4) Caused by seepage, meaning a gradual, continuous, or repeated seepage or leakage of water, steam or fuel over a period of 14 days or more, resulting in damage, whether hidden or not.

SECTION I - EXCLUSIONS

- 2. **Earth Movement** is deleted and replaced by the following:
- 2. **Earth Movement**, meaning movement of the earth, whether combined with water or not, in any direction, including but not limited to:
 - a. Earthquake, including land shock waves or tremors before, during, or after a volcanic eruption;
 - b. Landslide, mud slide, or mud flow;
 - c. Subsidence or sinkhole; or
 - d. Any other earth movement, including earth sinking, rising, shifting, expanding, contracting, or eroding;

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caused by or resulting from manmade, animal, or natural actions, events, or conditions.

If direct loss by fire or explosion ensues, we will pay only for the ensuing loss.

This exclusion does not apply to loss by theft.

8. Intentional Loss is deleted and replaced by the following:

8. Intentional Loss

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

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

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

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

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

The following exclusion is added.

10. "Fungi" Or Microbes

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

This exclusion also applies to the cost:

- (1) To remove "fungi" or microbes from property covered under Section I - Property Coverages;
 - (2) To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi" or microbes; and
 - (3) Of testing of air or property to confirm the absence, presence or level of "fungi" or microbes;
- b. Exclusion 10.a. applies unless the fungi or microbes are located upon the portion of covered property which must be repaired or replaced because of direct physical damage resulting from sudden and accidental discharge or overflow of water, or any peril, covered under this policy. For purpose 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) and (3).

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

SECTION I - CONDITIONS

The following paragraph 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

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to be a liquidated demand against the company for the full amount of such policy. This provision shall not apply to personal property.

B. Duties After Loss is deleted and 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, or an "insured" seeking coverage, or a representative of either:

- a. Give prompt notice to us or our agent.
- b. Notify the police in case of a loss by theft;
- c. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage under Section I - Property Coverages;
- d. Protect the property from further damage. If repairs to the property are required, you must:
 - (1) Make reasonable repairs and necessary repairs to protect the property; and
 - (2) Keep an accurate record of repair expenses;
- e. Cooperate with us in the investigation of a claim;
- f. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
- g. As often as we reasonably require:
 - (1) Show the damaged property;
 - (2) Provide us with records and documents we request and permit us to make copies; and
 - (3) Submit to examination under oath, while not in the presence of another "insured", and sign the same;
 - (a) Exception: A minor must have a parent or guardian present.
- 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.e.** above;
 - (g) Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - (h) Evidence or affidavit that supports a claim under **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I - Property Coverages, stating the amount and cause of loss.

(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 any investigation of the claim;
- (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.

D. Loss To A Pair Or Set is deleted and 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.

G. Suit Against Us is deleted and replaced by the following:

G. Suit Against Us

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 brought against us must be started within two years and one day after the cause of action accrues.

I. Loss Payment is deleted and 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 5 "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 5 "business days" after the date you perform the act.

P. Concealment Or Fraud is deleted and replaced by the following:

P. 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 false statements;
- relating to this insurance.

The following conditions are added:

RESIDENTIAL COMMUNITY PROPERTY CLAUSE

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

CATASTROPHE CLAIMS

If a claim results from a weather related catastrophe or a major natural disaster, each claim handling deadline shown in **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:

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

SECTION II - EXCLUSIONS

Paragraph **E.1.** Expected Or Intended Injury is deleted and 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" resulting from the use of reasonable force by an "insured" to protect persons or property;

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

6. Communicable Disease

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

Paragraph **E.7.** Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse is deleted and 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

SECTIONS I AND II - CONDITIONS

C. Cancellation is deleted and replaced by the following:

C. Cancellation

1. You may cancel this policy at any time by notifying us of the date cancellation is to take effect.
2. We may cancel this policy at any time for the reasons stated in this condition by mailing you notice in writing of the date cancellation takes effect.
 - a. If this policy has been in effect for less than 60 days and is not a renewal

policy, we may not cancel this policy unless:

- (1) We identify a condition that:
 - (a) Creates an increased risk of hazard;
 - (b) Was not disclosed in the application for insurance coverage; and
 - (c) Is not the subject of a prior claim;
- (2) Before the effective date of the policy we do not accept a copy of a required inspection report that:
 - (a) Was completed by an inspector licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and
 - (b) Is dated not earlier than the 90th day before the effective date of the policy.

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

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

The effective date of cancellation cannot be before:

- (1) The 10th day after we mail notice if we cancel for reasons (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 this refund is not included with the notice, it will be returned on demand.
5. We may not cancel this policy solely because you are an elected official.

D. Nonrenewal is deleted and 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 on the declarations page and any mortgagee named on the declarations page, written notice of our refusal to renew not later than the 30th day before the date on which this policy expires. Proof of mailing will be sufficient proof of notice. If we fail to give you proper notice of our decision not to renew, you may require us to renew the policy

All other provisions of this policy apply.