

TEXAS

SELECT

HOMEOWNERS

POLICY

TABLE OF CONTENTS

GENERAL	2	Appraisal	16
Definitions Used in This Policy	2	Abandoned Property	18
Insuring Agreement	3	Permission Granted To You	18
Conformity to State Statutes	3	Our Rights To Recover Payment	18
Coverage Changes	3	Our Rights To Obtain Salvage	18
Policy Transfer	3	Lawsuits Against Us	18
Continued Coverage After Your Death	4	Loss To A Pair Or Set	19
Renewal	4	Glass Replacement	19
Cancellation	4	No Benefit To Bailee	19
Refusal to Renew	4	Other Insurance	19
Charge for Insufficient Funds	4	Mortgagee	19
Misrepresentation, Fraud or Concealment	4	Catastrophe Claims	20
What Law Will Apply	5	Waiver or Change of Policy Provisions	20
Where Lawsuits May Be Brought	5	Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss	20
Lawsuits Against Us	5	SECTION II – FAMILY LIABILITY AND GUEST MEDICAL PROTECTION	20
Residential Community Property Clause	5	Coverage X – Family Liability Protection	20
SECTION I – YOUR PROPERTY	5	Losses We Cover Under Coverage X	20
Coverage A – Dwelling Protection	5	Coverage Y – Guest Medical Protection	20
Property We Cover Under Coverage A	5	Losses We Cover Under Coverage Y	20
Property We Do Not Cover Under Coverage A	5	Additional Protection	20
Coverage B – Other Structures Protection	5	Claim Expense	20
Property We Cover Under Coverage B	5	Emergency First Aid	20
Property We Do Not Cover Under Coverage B	5	Damage to Property of Others	21
Coverage C – Personal Property Protection	6	Losses We Do Not Cover Under Coverage X	21
Property We Cover Under Coverage C	6	Losses We Do Not Cover Under Coverage Y	21
Limitations On Certain Personal Property	6	Losses We Do Not Cover Under Coverage X and Coverage Y	21
Property We Do Not Cover Under Coverage C	7	Conditions	23
Losses We Cover Under Coverage A, Coverage B and Coverage C	7	What You Must Do After An Accidental Loss ...	23
Additional Protection	8	What An Injured Person Must Do – Coverage Y – Guest Medical Protection	23
Additional Living Expense	8	Our Payment Of Loss – Coverage Y – Guest Medical Protection	23
Credit Card, Debit Card or Automated Teller Machine Card, Bank Fund Transfer Card, Check Forgery and Counterfeit Money	8	Our Limits Of Liability	23
Debris Removal	9	Bankruptcy	23
Emergency Removal of Property	9	Our Rights To Recover Payment – Coverage X – Family Liability Protection	24
Fire Department Charges	9	Lawsuits Against Us	24
Temporary Repairs After A Loss	9	Other Insurance – Coverage X – Family Liability Protection	24
Trees, Shrubs, Plants and Lawns	9	Notice of Settlement of Liability Claim	24
Temperature Change	10	SECTION III – OPTIONAL PROTECTION	24
Power Interruption	10	Increased Coverage On Business Property	24
Building Codes	10	Increased Coverage On Electronic Data Processing Equipment	24
Arson Reward	10	Increased Coverage On Fire Department Charges	24
Collapse	10	Increased Coverage On Loss Assessments	24
Lock Replacement	11	Increased Coverage On Theft Of Jewelry, Watches and Furs	25
Foundation Water Damage	11	Incidental Office, Private School Or Studio	25
Civil Authority	11	Increased Coverage On Money	25
Losses We Do Not Cover Under Coverage A, Coverage B and Coverage C	11	Business Pursuits	25
Conditions	13	Increased Coverage On Securities	25
Deductible	13	Satellite Dish Antennas	25
Insurable Interest and Our Liability	13	Increased Coverage On Theft Of Flatware	25
Events After Loss	13		
Our Settlement Options	14		
How We Pay For A Loss	14		
Our Settlement Of Loss	16		

GENERAL

Definitions Used in This Policy

Throughout this policy, when the following words appear in bold type, they are defined as follows:

1. **Bodily injury** – means physical harm to the body, including sickness or disease, and resulting death. **Bodily injury** does not include any symptom, effect, condition, disease or illness resulting in any manner from:

- a) lead in any form;
- b) asbestos in any form;
- c) radon in any form; or
- c) oil, fuel oil, kerosene, liquid propane or gasoline intended for, or from, a storage tank located at the **residence premises**;

unless such symptom effect, condition, disease or illness results from:

- a) heat, smoke or fumes from a fire that becomes uncontrollable or escapes from its intended location; or
- b) the discharge, dispersal, release or escape of carbon monoxide that is sudden and unexpected as to all **insured persons** from a heating system, an appliance for heating water, or a household appliance located at the **residence premises**.

2. **Building structure** – means a structure with walls, a floor and a roof.

3. **Business** – means:

- a) any full or part-time activity of any kind engaged in for economic gain, including the use of any part of the premises for such purposes. The providing of home day care services to other than an **insured person** or relative of an **insured person** for economic gain is also a **business**. However, the mutual exchange of home day care services is not considered a **business**.

- b) the rental or holding for rental of property by an **insured person**. Rental of **your residence premises** is not considered a **business** when:

- 1) it is rented occasionally for residential purposes;
- 2) a portion is rented to roomers or boarders, provided not more than one roomer or boarder resides on the **residence premises** at any one time; or
- 3) a portion is rented as a private garage.

4. **Business day** – means a day other than a Saturday, Sunday or holiday recognized by the State of Texas.

5. **Dwelling** – means the single-family **building structure** identified as the insured property on the Policy Declarations where **you** reside and which is principally used as a private residence.

6. **Insured person(s)** – means **you** and, if a resident of **your** household:

- a) any relative; and
- b) any person under the age of 21 in **your** care.

Under **Coverage X** and **Coverage Y**, **insured person** also means:

- a) any person or organization legally responsible for loss caused by animals or watercraft covered by this policy that are/is owned by an **insured person**. We do not cover any person or organization using or having custody of animals or watercraft in any **business** or without permission of the owner;
- b) with respect to the use of any vehicle covered by this policy, any person while engaged in the employment of an **insured person**.

7. **Insured premises** – means:

- a) the **residence premises**; and
- b) under **Section II** only:

- 1) the part of any other premises, other structures and grounds used by **you** as a residence, which is shown on the Policy Declarations or which **you** acquire for **your** use as a private residence while this policy is in effect;
- 2) any part of a premises not owned by an **insured person** but where an **insured person** is temporarily living;
- 3) cemetery plots or burial vaults owned by an **insured person**;
- 4) land owned by or rented to an **insured person** where a single family **dwelling** is being built as that person's residence;
- 5) any premises used by an **insured person** in connection with the **residence premises**;
- 6) any part of premises occasionally rented to an **insured person** for other than **business** purposes.

8. **Occurrence** – means an accident, including continuous or repeated exposure to substantially the same general harmful conditions during the policy period, resulting in **bodily injury** or **property damage**.

9. **Property damage** – means physical injury to or destruction of tangible property, including loss of its use resulting from such physical injury or

destruction.

10. **Remediation** – means to treat, contain, remove or dispose of mold, fungi or other microbes which is required to repair or replace the covered property physically damaged by covered water loss. **Remediation** includes any testing to detect, measure or evaluate mold, fungi or other microbes and any decontamination of the **residence premises** or property as well as any reasonable increase in living expenses necessary to maintain **your** normal standard of living if mold, fungi or other microbes makes **your residence premises** uninhabitable.
11. **Residence employee** – means an employee of an **insured person** while performing duties arising out of and in the course of employment in connection with the maintenance or use of **your residence premises**. This includes similar duties performed elsewhere for an **insured person**, not in connection with the **business** of an **insured person**.
12. **Residence premises** – means the **dwelling**, other structures and land located at the address stated on the Policy Declarations.
13. **Solar panel systems** – means all components necessary to capture and convert solar radiation to power. This includes, without limitation: elevated panes or plates, or a canopy or array thereof; the bases or foundation of the panels, plates, canopy, or array; charge controllers; power inverters; storage batteries; generators; wires and cables; and meters and monitors.
14. **Unoccupied** – means the **dwelling** has not been inhabited as a residence.
15. **Vacant** – means the **dwelling** lacks the necessary amenities, adequate furnishings, or utilities and services to permit occupancy of the **dwelling** as a residence.
16. **We, us, or our** – means the company named on the Policy Declarations.
17. **You or your** – means the person listed under Named Insured(s) on the Policy Declarations as the insured and that person's resident spouse.

Insuring Agreement

In reliance on the information **you** have given **us**, **we** agree to provide the coverages indicated on the Policy Declarations. In return, **you** must pay the premium when due and comply with the policy terms

and conditions. **You** must also inform **us** of any change in title, use or occupancy of the **residence premises**.

Subject to the terms of this policy, the Policy Declarations show the location of the **residence premises**, applicable coverages, limits of liability and premiums. The policy applies only to losses or **occurrences** that take place during the policy period. The policy period is shown on the Policy Declarations. This policy is not complete without the Policy Declarations.

This policy imposes joint obligations on the Named Insured(s) listed on the Policy Declarations as the insured and on that person's resident spouse. These persons are defined as **you** or **your**. The responsibilities, acts and omissions of a person defined as **you** or **your** will be binding upon any other person defined as **you** or **your**, except as provided under the following:

1. **Losses We Do Not Cover Under Coverage A, Coverage B and Coverage C, 1.g;**
2. **Losses We Do Not Cover Under Coverage X and Coverage Y, 1.**

Conformity to State Statutes

When the policy provisions conflict with the statutes of the state in which the **residence premises** is located, the provisions are amended to conform to such statutes.

Coverage Changes

When **we** broaden coverage during the premium period without charge, **you** have the new features if **you** have the coverage to which they apply. Otherwise, the policy can be changed only by endorsement.

The coverage provided and the premium for the policy is based on information **you** have given **us**. **You** agree to cooperate with **us** in determining if this information is correct and complete. **You** agree that if this information changes, is incorrect or incomplete, **we** may adjust **your** coverage and premium accordingly during the premium period.

Any calculation of **your** premium or changes in **your** coverage will be made using the rules, rates and forms on file, if required, for **our** use in **your** state. The rates in effect at the beginning of **your** current premium period will be used to calculate any change in **your** premium.

Policy Transfer

You may not transfer this policy to another person without **our** written consent.

Continued Coverage After Your Death

If **you** die, coverage will continue until the end of the premium period for:

1. **your** legal representative while acting as such, but only with respect to the **residence premises** and property covered under this policy on the date of **your** death.
2. an **insured person**, and any person having proper temporary custody of **your** property until a legal representative is appointed and qualified.

Renewal

If **we** offer to renew this policy, **you** may accept the offer only by payment of the premium due to **us** on or before the effective date of the renewal policy.

Cancellation

1. **You** may cancel this policy at any time by notifying **us** of the date cancellation is to take effect. Any refund due shall be returned to **you** not later than the 15th **business day** after the effective date of cancellation.
2. If this policy has been in effect for less than 60 days, **we** may cancel the policy if:
 - a) **we** identify a condition that:
 - 1) creates an increased risk of hazard;
 - 2) was not disclosed in the application for insurance coverage; and
 - 3) is not the subject of a prior claim; or
 - b) before the effective date of the policy, **we** have not accepted a copy of a required inspection report that:
 - 1) was completed by an inspector licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and
 - 2) is dated not earlier than the 90th day before the effective date of the policy.An inspection report is considered accepted if **we** do not reject it before the 11th day after the date the inspection report is received by **us**.
3. **We** may cancel this policy at any time for any of the following reasons:
 - a) **you** do not pay the premium or any portion of the premium when due.
 - b) the 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.
 - c) **you** submit a fraudulent claim.
 - d) 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.

4. The effective date of a cancellation cannot take effect until the 10th day after **we** mail the notice of cancellation to **you**.
5. If **we** cancel, any refund due shall be returned to **you** not later than the 15th **business day** after the effective date of cancellation.
6. **We** may not cancel this policy solely because **you** are an elected official.

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 Policy Declarations and any mortgagee named on the Policy 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.

Charge for Insufficient Funds

If at any time **your** payment of any premium amount due is made by check, electronic transaction or other remittance that is not honored because of insufficient funds or closed account, **you** will be charged a fee.

Misrepresentation, Fraud or Concealment

We may void this policy only in accordance with the Texas Insurance Code Chapter 705, Subchapter A.

What Law Will Apply

This policy is issued in accordance with the laws of Texas and covers property or risks principally located in Texas. The laws of Texas shall govern all claims or disputes in any way related to this policy.

Where Lawsuits May Be Brought

Any and all suits related to this policy will be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located. Any and all suits against persons not a party to this policy but involved in the sale, administration, performance or alleged breach of this policy, shall be brought, heard and decided only in a state or federal court located in the state in which the **residence premises** is located, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

Nothing in this section shall limit or impair any party's right to remove a state court suit to a federal court.

Lawsuits Against Us

No one may file an action against **us** unless there has been full compliance with all policy terms.

Any action against **us** to which neither the **Lawsuits Against Us** provision located in **Section I – Conditions** nor the **Lawsuits Against Us** provision located in **Section II – Conditions** applies must be commenced within two years and one day after the date the cause of action accrues.

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. The interest of each spouse is not changed if they divorce or if ownership between the spouses changes 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.

SECTION I – YOUR PROPERTY

Coverage A – Dwelling Protection

Property We Cover Under Coverage A

1. **Your dwelling** including attached structures. Structures connected to **your dwelling** by only a fence, utility line, or similar connections are not considered attached structures.
2. Construction materials and supplies at the **residence premises** for use in connection with **your dwelling**.
3. Wall-to-wall carpeting fastened to **your dwelling**.

Property We Do Not Cover Under Coverage A

1. Any structure, including fences or other property covered under **Coverage B**.
2. Land.
3. Satellite dish antennas and their systems, and **solar panel systems**, whether or not attached to **your dwelling**.
4. Construction materials and supplies at the **residence premises** for use in connection with structures other than **your dwelling**.

Coverage B – Other Structures Protection

Property We Cover Under Coverage B

1. Structures at the address shown on the Policy Declarations separated from **your dwelling** by clear space.
2. Structures connected to **your dwelling** by only a fence, utility line, or similar connection.
3. Construction materials and supplies at the address of the **residence premises** for use in connection with structures other than **your dwelling**.
4. Wall-to-wall carpeting fastened to **building structures** on the **residence premises** other than **your dwelling**.

Property We Do Not Cover Under Coverage B

1. Structures used in whole or in part for **business** purposes.
2. Any structure or other property covered under **Coverage A**.
3. Land.

4. Construction materials and supplies at the address of the **residence premises** for use in connection with the **dwelling**.
5. Satellite dish antennas and their systems and **solar panel systems**, whether or not attached to the **building structures**.
6. Structures located in whole or in part over a body of water or immediately adjacent to a body of water. Such structures include, but are not limited to: piers; wharves; docks; boathouses; bulkheads; and retaining walls.

Coverage C – Personal Property Protection

Property We Cover Under Coverage C

1. Personal property owned or used by an **insured person** anywhere in the world. When personal property is located away from the **residence premises**, coverage is limited to 10% of **Coverage C**.
2. At **your** option, personal property owned by a guest or **residence employee** while the property is located in a residence **you** are occupying.

Limitations On Certain Personal Property

Limitations apply to the following groups of personal property. If personal property can reasonably be considered a part of two or more of the groups listed below, the lowest limit will apply. These limitations do not increase the amount of insurance under **Coverage C**. The total amount of coverage for each group in any one loss is as follows:

1. \$50 – Money, bullion, bank notes, coins and other numismatic property, scrip, stored value cards and smart cards.
2. \$200 – Property used or intended for use in a **business** while the property is away from the **residence premises**. This does not include the electronic data processing equipment or the recording or storage media used with that equipment.
3. \$250 – Theft of any recording or storage media while such property is away from the **residence premises**, whether or not it is used with electronic data processing equipment or in a **business**. Recording or storage media includes, but is not limited to:
 - a) tapes;
 - b) CDs, DVDs and other discs;
 - c) records;
 - d) disks;

- e) reels;
- f) cassettes;
- g) cartridges; and
- h) programs.

4. \$500 – Theft of tools and their accessories.
5. \$1,000 – Theft of furs and any item for which fur represents the majority value, jewelry, watches, precious and semi-precious stones, gold other than goldware, silver other than silverware, pewter other than pewterware, and platinum other than platinumware.
6. \$1,000 – Property used or intended for use in a **business**, including property held as samples or for sale or delivery after sale, while the property is on the **residence premises**. This does not include electronic data processing equipment or the recording or storage media used with that equipment.
7. \$1,000 – Trading cards, subject to a maximum amount of \$250 per card.
8. \$1,000 – Accounts, bills, deeds, evidences of debt, letters of credit, notes other than bank notes, checks, cashier's checks, traveler's checks, passports, securities, tickets, and stamps, including philatelic property.
9. \$1,000 – Manuscripts, including documents stored on electronic media.
10. \$1,000 – Watercraft, including their attached or unattached trailers, furnishings, equipment, parts, and motors.
11. \$1,000 – Trailers not used with watercraft.
12. \$1,000 – Any motorized land vehicle parts, equipment or accessories not attached to or located in or upon any motorized land vehicle.
13. \$1,500 – Electronic data processing equipment and the recording or storage media used with that equipment whether or not the equipment is used in a **business**. Recording or storage media will be covered up to:
 - a) the retail value of the media, if pre-programmed; or
 - b) the retail value of the media in blank or unexposed form, if blank or self-programmed.
14. \$2,000 – Theft of firearms and their related equipment and accessories.
15. \$2,500 – Motorized land vehicles, which are not

licensed for use on public roads, used solely for the service of the **residence premises**. This does include motorized land vehicles designed for assisting the disabled.

16. \$2,500 – Theft of goldware, silverware, pewterware and platinumware.

Property We Do Not Cover Under Coverage C

1. Personal property specifically described and insured by this or any other insurance.
2. Animals.
3. Motorized land vehicles, including but not limited to, any land vehicle powered or assisted by a motor or engine. **We** do not cover any motorized land vehicle parts, equipment or accessories attached to or located in or upon any motorized land vehicle. **We** do cover motorized land vehicles designed for assisting the disabled or used solely for the service of the **insured premises** and not licensed for use on public roads, subject to **Limitations On Certain Personal Property**, item 15.
4. Aircraft and aircraft parts. This does not include model or hobby craft not designed to carry people or cargo.
5. Property of roomers, boarders and tenants not related to **you**.
6. Property located away from the **residence premises** and rented or held for rental to others.
7. Satellite dish antennas and their systems and **solar panel systems**.

Losses We Cover Under Coverage A, Coverage B and Coverage C

We will cover direct physical loss to the property described in **Coverage A**, **Coverage B** and **Coverage C**, except as limited or excluded in this policy, caused by:

1. Fire or Lightning.
2. Windstorm, Hurricane or Hail.
We do not cover:
 - a) loss to covered property inside a **building structure** caused by rain, snow, sleet, sand or dust unless the wind or hail first damages the roof or walls and the wind forces rain, snow, sleet, sand or dust through the damaged roof or wall;
 - b) loss to watercraft and their trailers, furnishings, equipment and motors. However,

we do cover canoes and rowboats on the **residence premises**.

3. Explosion.
4. Riot or Civil Commotion, including pillage and looting during, and at the site of, the riot or civil commotion.
5. Aircraft, including self-propelled missiles and spacecraft.
6. Vehicles.
7. Smoke damage that is sudden and unexpected as to all **insured persons**.

We do not cover loss caused by smoke from the manufacturing of controlled substances, agricultural smudging or industrial operations.

8. Vandalism and Malicious Mischief.
We do not cover vandalism or malicious mischief if **your dwelling** has been **vacant** or **unoccupied** for more than 30 consecutive days immediately prior to the vandalism or malicious mischief. A **dwelling** that is not habitable due to construction is not considered **vacant** or **unoccupied**.
9. Falling objects.
We do not cover loss to personal property inside a **building structure** unless the falling object first damages the exterior walls or roof of the **building structure**.
10. Weight of ice, snow or sleet that causes damage to personal property in a **building structure**, but only if the **building structure** is damaged due to the weight of ice, snow or sleet.
11. Increase or decrease of artificially generated electrical current to electronics, electrical appliances, fixtures and wiring.
12. Bulging, burning, cracking or rupture of a steam or hot water heating system, an air conditioning system, an automatic fire protection system or an appliance for heating water.
13. Water or steam that escapes from a plumbing, heating or air conditioning system, an automatic fire protection system, or from a household appliance due to accidental discharge or overflow. However, **we** do not cover loss, including ensuing loss or the cost of tearing out and replacing any part of **your dwelling**, caused by the discharge or overflow of water or steam from within a plumbing, heating or air

conditioning system, household appliance or fire protective sprinkler system where the source of the discharge or overflow is either below the surface of the ground or within or below the slab or foundation of the **dwelling** except as specifically provided in **Section I – Additional Protection, 14. Foundation Water Damage**.

This coverage does not include damage to the system from which the water or steam escaped.

14. Freezing of a plumbing, heating or air conditioning system or a household appliance.

We do not cover loss at the **residence premises** under perils 12., 13., and 14. caused by or resulting from freezing while the **building structure** is **vacant, unoccupied**, or under construction unless **you** have used reasonable care to:

- a) maintain heat in the **building structure**; or
- b) shut off the water supply and drain the water from the systems and appliances.

15. Theft or attempted theft, including the disappearance of property from a known place when it is likely that a theft has occurred. Any theft must be promptly reported to the police.

We do not cover:

- a) theft or attempted theft committed by an **insured person**;
- b) theft in or from the **residence premises** while under construction or theft of materials and supplies for use in construction, until the **dwelling** is completed and occupied;
- c) theft of any property while at any other residence owned, rented to or occupied by an **insured person** unless the **insured person** is temporarily residing there;
- d) theft of trailers, campers, watercraft, including furnishings, equipment and outboard motors, away from the **residence premises**;
- e) theft from that part of the **residence premises** rented by **you** to other than an **insured person**.

16. Breakage of glass, meaning damage to covered personal property caused by breakage of glass constituting a part of any **building structure** on the **residence premises**. This does not include damage to glass.

Additional Protection

1. Additional Living Expense

We will pay the reasonable increase in living expenses necessary to maintain **your** normal standard of living when a direct physical loss **we** cover under **Coverage A, Coverage B** or **Coverage C** makes **your residence premises** uninhabitable. However, additional living expense due to **remediation** of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I – Conditions, 20. Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

Payments for additional living expense as a result of a covered loss under **Coverage A, Coverage B** or **Coverage C** will be limited to the least of the following:

- a) the time period required to repair or replace the property **we** cover, using due diligence and dispatch;
- b) if **you** permanently relocate, the shortest time for **your** household to settle elsewhere; or
- c) 12 months from the date of the loss or damage.

In no event shall **our** payment for additional living expenses exceed an amount equal to 10% of the Limit Of Liability shown on the Policy Declarations under **Coverage A**.

The “reasonable increase in living expenses necessary to maintain **your** normal standard of living” means the difference between the normal cost to maintain **your** standard of living and the increased cost **you** actually incur to maintain the same standard of living caused by **your** covered loss subject to the limitations stated above and elsewhere in this policy.

The periods of time referenced above are not limited by the termination of this policy.

No deductible applies to this protection.

2. Credit Card, Debit Card or Automated Teller Machine Card, Bank Fund Transfer Card, Check Forgery and Counterfeit Money

We will pay for loss:

- a) that an **insured person** is legally required to pay for the unauthorized use of any:
 - 1) credit card;
 - 2) debit or automated teller machine card;
 - 3) bank fund transfer card;
 - 4) code;

- 5) account number;
 - 6) personal identification number; or
 - 7) other means of account access;
- that can be used, alone or in conjunction with items 1) through 7) above, to obtain money, goods, services, or any other thing of value, or that can be used to initiate a transfer of funds.
- b) caused by forgery or alteration of a check or negotiable instrument made or drawn upon an **insured person's** account.
 - c) to an **insured person** through acceptance in good faith of counterfeit United States or Canadian paper currency.

Our maximum limit of liability of any one loss is \$1,000, regardless of the number of persons involved. All loss due to forgery or unauthorized use by or involving any one person is considered one loss.

We do not cover:

- a) loss arising from any **business** of an **insured person**;
- b) loss caused by or at the direction of an **insured person** or any other person who has been entrusted with any credit card, debit or automated teller machine card, or bank fund transfer card;
- c) loss arising out of dishonesty of an **insured person**.

When loss is discovered, the **insured person** must give **us** immediate notice. If the loss involves a credit card, debit or automated teller machine card, or bank fund transfer card, the **insured person** must also give immediate notice to the company or bank that issued the card. Failure to comply with the terms and conditions of the card voids this protection.

We will pay only for loss occurring during the policy period, including those losses discovered and reported to **us** within one year after the policy had terminated. **We** have the right to investigate and settle any claim or suit as **we** deem appropriate. Full payment of the amount of insurance for any one loss ends **our** obligation under each claim or suit arising from the loss.

When this coverage applies, **we** will defend any suit brought against an **insured person** for the enforcement of payment that an **insured person** is legally required to make as a result of the unauthorized use of any credit card, debit or automated teller machine card, or bank fund transfer card issued to or registered in the name of an **insured person**. The defense will be at

our expense, with counsel of **our** choice.

When this coverage applies, **we** have the option to defend an **insured person** or the **insured person's** bank against a suit for the enforcement of payment legally required to be made as a result of forgery or alteration of a check or negotiable instrument made or drawn upon an **insured person's** account. The defense will be at **our** expense with counsel of **our** choice.

No deductible applies to this protection.

3. **Debris Removal**

We will reimburse reasonable expenses **you** incur to remove debris of covered property damaged by a loss **we** cover. If the loss to the covered property and the cost of debris removal are more than the Limit Of Liability shown on the Policy Declarations for the covered property, **we** will pay up to an additional 5% of that limit for debris removal.

4. **Emergency Removal of Property**

We will pay for direct physical loss to covered property that is sudden and unexpected as to all **insured persons** from any cause while removed from a premises because of danger from a loss **we** cover. Protection is limited to a 30 day period from date of removal. This protection does not increase the limit of liability that applies to the covered property.

5. **Fire Department Charges**

We will pay up to \$500 for service charges made by fire departments called to protect **your** property from a loss **we** cover at the **residence premises**.

No deductible applies to this protection.

6. **Temporary Repairs After A Loss**

We will reimburse **you** up to \$5,000 for the reasonable and necessary cost **you** incur for temporary repairs to protect covered property from further imminent covered loss following a loss **we** cover. This coverage does not increase the limit of liability that applies to the covered property.

7. **Trees, Shrubs, Plants and Lawns**

We will pay up to 5% of the Limit Of Liability shown on the Policy Declarations under **Coverage A** for loss to trees, shrubs, plants and lawns at the address of the **residence premises**. **We** will not pay more than \$500 for any one tree, shrub, or plant including expenses incurred for

removing debris. This coverage applies only to direct physical loss caused by fire or lightning, explosion, riot or civil commotion, aircraft, vehicles not owned by an occupant of the **residence premises**, vandalism or malicious mischief, theft or collapse of a **building structure** or any part of a **building structure**.

We will pay up to \$500 for reimbursement of reasonable expenses **you** incur for the removal of debris of trees at the address of the **residence premises** for direct physical loss caused by windstorm, hail, or weight of ice, snow or sleet. The fallen tree must have caused damage to property covered under **Coverage A** or **Coverage B**.

We do not cover trees, shrubs, plants, or lawns grown for **business** purposes.

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

8. **Temperature Change**

We will pay for loss to covered personal property in a **building structure** at the **residence premises** resulting from a change in temperature. The change in temperature must result from a covered loss to the **building structure**.

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

9. **Power Interruption**

We will pay up to \$500 for loss to the contents of freezers and refrigerated units on the **residence premises** caused by the interruption of power that occurs off the **residence premises**. If a power interruption is known to an **insured person**, all reasonable means must be used to protect the contents of freezers and refrigerated units.

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

10. **Building Codes**

We will pay up to \$5,000 to comply with local building codes after a covered loss to the **dwelling** or when repair or replacement results in increased cost due to the enforcement of any building codes, ordinances, or laws regulating the construction, reconstruction, maintenance, repair or demolition of the **dwelling**.

Specifically, **we** will pay for:

- a) the construction, demolition or repair of that part of a covered building or other structure

- b) the demolition and reconstruction of the undamaged part of the **dwelling**, when the **dwelling** must be totally demolished because of damage by a direct physical loss **we** cover to another part of the **dwelling**; or
- c) the remodeling, removal or replacement of the portion of the undamaged part of the **dwelling** necessary to complete the remodeling, repair or replacement of that part of the **dwelling** damaged by a direct physical loss **we** cover.

This additional coverage will not apply:

- a) until the **dwelling** is actually repaired or rebuilt at the same **residence premises**.
- b) if the rebuilt or repaired **dwelling** is not intended for similar occupancy at the same **residence premises**.
- c) unless the rebuilding or repairs are made as soon as reasonably possible after the loss or damage, not to exceed 365 days after loss unless **you** have requested in writing that this time limit be extended for an additional 180 days.

We do not cover:

- a) the loss in value to any **dwelling** due to the requirements of any ordinance or law; or
- b) the costs to comply with any ordinance or law that requires an **insured person** 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 vapors, fumes, acids, toxic chemicals, toxic gases, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.

If the insured property is located in an area that 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.

11. **Arson Reward**

We will pay up to \$5,000 for information leading to an arson conviction in connection with a fire loss to property covered under **Section I** of this policy. The \$5,000 limit applies regardless of the number of persons providing information.

12. **Collapse**

We will cover at the **residence premises**:

- a) the entire collapse of a covered **building structure**;
- b) the entire collapse of part of a covered **building structure**; and
- c) direct physical loss to covered property caused by a) or b) above.

For coverage to apply, the collapse of a **building structure** specified in a) or b) above must be a direct physical loss that is sudden and unexpected to all **insured persons** caused by one or more of the following:

- a) a loss **we** cover under **Section I**;
- b) weight of persons, animals, equipment or contents;
- c) weight of rain, snow or ice that collects on a roof;
- d) defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

Collapse as referenced herein means the covered **building structure** or part of the covered **building structure** has actually fallen down or fallen into pieces unexpectedly and instantaneously. It does not include settling, cracking, shrinking, bulging, expansion, sagging or bowing. Furthermore, collapse does not include or mean substantial structural impairment or imminent collapse.

Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, fuel oil tank, septic tank, cistern or similar system or foundation is not included, unless a direct physical loss that is sudden and unexpected as to all **insured persons** directly results from the collapse of a **building structure** or part of a **building structure** caused by one or more of the following:

- a) a loss **we** cover under **Section I**;
- b) weight of persons, animals, equipment or contents; weight of rain, snow or ice which collects on a roof;
- c) defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

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

13. Lock Replacement

When a key to a lock is stolen as a part of a covered theft loss, **we** will pay under **Coverage**

A the reasonable expenses **you** incur to replace or re-key exterior door locks at the **residence premises** with locks or cylinders of like kind and quality. The limit of liability under this coverage following any one theft loss is \$500.

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

14. Foundation Water Damage

In the event of the discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system that is sudden and unexpected as to all **insured persons** where the source of the discharge or overflow is located within or below the slab or foundation of the **dwelling**, **we** will pay up to the amount shown on the Policy Declarations for:

- a) tearing out and replacing any part of the **dwelling** necessary to access, repair or replace that part of such system; and
- b) loss to property covered under **Coverage A** and **Coverage C** that results from the sudden and accidental escape of water or steam from within a plumbing, heating or air condition system, household appliance, fire protection or sprinkler system located within the slab or foundation of the **dwelling**.

This coverage does not include damage to the system from which the water or steam escaped.

15. Civil Authority

We will pay **you** up to \$100 per day, for up to two weeks, to assist with the reasonable and necessary increase in living expenses paid by **you** should civil authorities prohibit the use of the **residence premises** due to a loss at a neighboring premises caused by a loss **we** insure against. However, payments for increase in living expenses due to **remediation** of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I – Conditions, 20. Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

The two week period of time referenced above is not limited by the termination of this policy.

No deductible applies to this protection.

Losses We Do Not Cover Under Coverage A, Coverage B and Coverage C

- 1. **We** do not cover loss or damage to the property described in **Coverage A**, **Coverage B** or **Coverage C** consisting of or caused directly or

indirectly by the following, and such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage and regardless of whether the loss or damage occurs suddenly or gradually, arises from natural or external forces, or occurs as a result of any combination of such forces:

- a) flood, including, but not limited to, surface water, waves, tidal water or overflow of any body of water, or spray from any of these whether or not driven by wind.
- b) water or any other substance that:
 - 1) backs up through sewers or drains; or
 - 2) 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.
- c) water 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 any part of the **residence premises**.
- d) earth movement of any type, including, but not limited to, earthquake, volcanic eruption, lava flow, landslide, subsidence, mudflow, pressure, sinkhole, erosion, or the sinking, rising, shifting, creeping, expanding, bulging, cracking, settling or contracting of the earth. This exclusion applies whether or not the earth movement is combined with water.

We do cover direct physical loss that is sudden and unexpected as to all insured persons caused by fire, explosion or theft resulting from items a) through d) listed above or breakage of glass or safety glazing materials resulting from earth movement.

- e) enforcement of any building codes, ordinances or laws regulating construction, reconstruction, maintenance, repair, placement or demolition of any **building structure**, other structure or land at the **residence premises**, except as specifically provided for in **Section I – Additional Protection, 10. Building Codes**.

We do cover direct physical loss to covered property that is sudden and unexpected as to all insured persons caused by actions of civil authority to prevent the spread of fire.

- f) the failure by an **insured person** to take all reasonable steps to save and preserve property when the property is endangered

by a cause of loss **we** cover.

- g) loss intentionally caused by an **insured person**. This exclusion will not apply to an innocent spouse or an **insured person** who did not contribute to such loss or to the interest of an innocent spouse or **insured person** in the damaged property.
- h) planning, construction or maintenance, meaning faulty, inadequate or defective:
 - 1) planning, zoning, development, surveying, siting;
 - 2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - 3) materials used in repair, construction, renovation or remodeling; or
 - 4) maintenance of property whether on or off the **residence premises** by any person or organization.
- i) vapors, fumes, acids, toxic chemicals, toxic gases, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.

2. **We do not cover loss to the property described in Coverage A, Coverage B or Coverage C** consisting of or caused by mold, fungus, wet rot, dry rot or other microbes. This includes any loss which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or other microbes.

This exclusion applies regardless of whether mold, fungus, wet rot, dry rot or other microbes arises from any other cause or event that contributes concurrently or in any sequence to the loss or damage and regardless of whether the loss or damage occurs suddenly or gradually, arises from natural or external forces, or occurs as a result of any combination of such forces, including but not limited to a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except as specifically provided in **Section I – Conditions, 20. Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

3. **We do not cover loss or damage to the property described in Coverage A, Coverage B or Coverage C** consisting of or caused directly or indirectly by the following, and such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:
 - a) nuclear action, meaning nuclear reaction, discharge, radiation, or radioactive contamination, or any consequence of any of these. Loss caused by nuclear action is

not considered loss by fire, explosion or smoke. **We** do cover direct physical loss that is sudden and unexpected as to all **insured persons** caused by fire resulting from nuclear action.

- b) war or warlike acts, including, but not limited to, insurrection, rebellion or revolution.

Conditions

1. Deductible

We will pay when a covered loss exceeds the applicable deductible shown on the Policy Declarations. **We** will then pay only the excess amount, unless **we** have indicated otherwise in this policy.

2. Insurable Interest and Our Liability

In the event of a covered loss, **we** will not pay for more than an **insured person's** insurable interest in the property covered. **We** will not pay more than the amount of coverage afforded by this policy.

Section 862.053 – 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. The provisions of this article shall not apply to personal property.

3. Events After Loss

a) **Your Duties After Loss.** In the event of loss to any property that may be covered by this policy, **you** must:

- 1) promptly give **us** or **our** agent written notice. Report any theft or vandalism to the police as soon as possible.
- 2) protect the property from further loss. Make any reasonable repairs necessary to protect it. Keep an accurate record of any repair expenses.
- 3) separate damaged from undamaged personal property. Give **us** a detailed list of the damaged, destroyed or stolen property, showing the quantity, cost, actual cash value and the amount of loss claimed.
- 4) give **us** all accounting records, bills, invoices and other vouchers, or certified copies, which **we** may reasonably request to examine, and permit **us** to make copies.
- 5) produce receipts for any increased costs to maintain **your** standard of living while **you** reside elsewhere, and records supporting any claim for loss of rental

income.

6) as often as **we** reasonably require:

- (i) show **us** the damaged property.
- (ii) provide **us** with oral and written statements regarding **your** loss.
- (iii) submit to examinations under oath, separately and apart from any other person defined as an **insured person**, and sign a transcript of the same.
- (iv) produce representatives, employees, members of the **insured person's** household or others to the extent it is within the **insured person's** power to do so.

7) within 91 days of **our** request, give **us** a signed, sworn proof of the loss. This statement must include the following information:

- (i) the date, time, location and cause of loss.
- (ii) the interest **insured persons** and others have in the property, including any encumbrances.
- (iii) the actual cash value and amount of loss for each item damaged, destroyed or stolen.
- (iv) any other insurance that may cover the loss.
- (v) any changes in title, use, occupancy or possession of the property that have occurred during the policy period.
- (vi) at **our** request, the specifications of any damaged **building structure** or other structure.
- (vii) 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.
 - (c) the full cost of repair or replacement of loss without deduction for depreciation.

We have no duty to provide coverage to an **insured person** under this section if an **insured person** or a representative of an **insured person** fails to comply with items 1) through 7) above, and this failure to comply is prejudicial to **us**.

b) **Our Duties After Loss.**

- 1) Within 15 days after **we** receive **your** written notice of claim, **we** must:

- (i) acknowledge receipt of the claim. If **our** acknowledgment of the claim is not in writing, **we** will keep a record of the date, method and content of **our** acknowledgment.
 - (ii) begin any investigation of the claim.
 - (iii) specify the information **you** must provide in accordance with **Your Duties After Loss** above. **We** may request more information, if during the investigation of the claim, **we** determine such additional information is necessary.
- 2) After **we** receive the information **we** request, **we** must notify **you** in writing whether the claim will be accepted or denied or whether more information is needed:
- (i) within 15 **business days**; or
 - (ii) within 30 days if **we** have reason to believe the loss resulted from arson.
- 3) If **we** do not approve payment of **your** claim or require more time for processing **your** claim, **we** must:
- (i) give the reasons for denying **your** claim; or
 - (ii) 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) **Disagreements With Our Claim Decision.**
- 1) **You** will receive a letter stating **our** claim decision. If **you** disagree with it, promptly give **us** written notice of what **you** disagree with and why. Send **your** notice to the address listed in **our** letter.
- (i) **We** will notify **you** when **we** receive **your** notice.
 - (ii) Notice of **your** disagreements is not required if **your** disagreements are asserted in a counterclaim.
- 2) In place of the above, **we** will treat the following as notice of **your** disagreements:
- (i) a written request for appraisal; or
 - (ii) a written notice of **your** disagreements to **our** agent if **we** receive a copy; or
 - (iii) a written notice of action under Texas Insurance Code, Chapter 541.
- 3) **We** have 15 days after **we** receive **your** notice to request information from **you**, and **you** must provide the information **we** request. **We** may request the following:
- (i) documents that show money **you** spent or may spend if they are related to **your** disagreements and **we** do not already have them.
 - (ii) an oral or signed written statement about **your** disagreements.
 - (iii) an examination under oath about **your** disagreements, which **you** must sign. Any examination will be separate from other **insured persons**.
 - (iv) inspection of the property that is related to **your** disagreements. Before **we** inspect, **we** can require **your** statement and examination under oath.
- 4) **We** will notify **you** in writing of **our** decision on **your** disagreements:
- (i) within 15 **business days** after **we** receive all of the information **we** requested from **you**; or
 - (ii) if **we** do not request information from **you**, within 15 **business days** after **we** receive notice of **your** disagreements.
- 5) **You** or **we** may request appraisal at any time, but the appraisal process will not affect either of **our** duties in this section. If appraisal concludes or is underway during **our** time to consider **your** disagreements, any decision on the amount of loss will be determined by the appraisal decision.
4. **Our Settlement Options**
In the event of a covered loss, **we** have the option to:
- a) repair, rebuild or replace all or any part of the damaged, destroyed or stolen property with property of like kind and quality within a reasonable time; or
 - b) pay for all or any part of the damaged, destroyed or stolen property as described in **Section I – Conditions, 5. How We Pay For A Loss.**
5. **How We Pay For A Loss**
Under **Coverage A, Coverage B** or **Coverage C**, payment for covered loss will be by one or more of the following methods:
- a) Special Payment. At **our** option, **we** may make payment for a covered loss before **you** repair, rebuild or replace the damaged, destroyed or stolen property if:
 - 1) the whole amount of loss for property covered under **Coverage A** and **Coverage B**, without deduction for depreciation, is less than \$2,500 and if the property is not excluded from the Building Structure Reimbursement provision; or
 - 2) the whole amount of loss for property

covered under **Coverage C**, without deduction for depreciation, is less than \$2,500 and if **your** Policy Declarations shows that the Personal Property Reimbursement provision applies, and the property is not excluded from the Personal Property Reimbursement provision.

- b) Actual Cash Value. If **you** do not repair, rebuild or replace damaged, destroyed or stolen covered property, payment will be made on an actual cash value basis. This means there may be a deduction for depreciation. Payment will not exceed the Limit Of Liability shown on the Policy Declarations for the coverage that applies to the damaged, destroyed or stolen property, regardless of the number of items involved in the loss.

You may make claim for additional payment as described in paragraph c) and paragraph d) below if **you** repair, rebuild or replace the damaged, destroyed or stolen property within 365 days after the loss unless **you** request in writing that this time limit be extended for an additional 180 days.

- c) Building Structure Reimbursement. Under **Coverage A, Coverage B, we** will make additional payment to reimburse **you** for cost in excess of actual cash value if **you** repair, rebuild or replace damaged, destroyed or stolen covered property within 365 days after the loss, unless **you** request in writing that this time limit be extended for an additional 180 days. This additional payment includes the reasonable and necessary expense for treatment or removal and disposal of contaminants, toxins or pollutants as required to complete repair or replacement of that part of a **building structure** damaged by a covered loss. This additional payment shall not include any amounts excluded in **Section I – YOUR PROPERTY**, under **Losses We Do Not Cover Under Coverage A, Coverage B and Coverage C** or any amounts which may be paid or payable under **Section I – Conditions, 20. Mold, Fungus, Wet Rot, and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

Building Structure Reimbursement will not exceed the smallest of the following amounts:

- 1) the replacement cost of the part(s) of the **building structure(s)** for equivalent construction for similar use on the same **residence premises**;

- 2) the amount actually and necessarily spent to repair, rebuild or replace the damaged **building structure(s)** with equivalent construction for similar use on the same **residence premises**; or
- 3) the Limit Of Liability applicable to the **building structure(s)** as shown on the Policy Declarations for **Coverage A, Coverage B**, regardless of the number of **building structures** and structures other than **building structures** involved in the loss.

If **you** replace the damaged **building structure(s)** at an address other than shown on the Policy Declarations through construction of a new structure or purchase of an existing structure, such replacement will not increase the amount payable under Building Structure Reimbursement described above. The amount payable under Building Structure Reimbursement described above does not include the value of any land associated with the replacement structure(s).

Building Structure Reimbursement payment will be limited to the difference between any actual cash value payment made for the covered loss to **building structures** and the smallest of 1), 2) or 3) above.

Building Structure Reimbursement will not apply to:

- 1) personal property under **Coverage C**;
- 2) property covered under **Coverage B** that is not a **building structure**;
- 3) wall-to-wall carpeting, fences, awnings, and outdoor antennas whether or not fastened to a **building structure**; or
- 4) land.

Payment under a), b) or c) above will not include any increased cost due to the enforcement of building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, relocation or demolition of **building structures** or other structures except as provided under **Section I – Additional Protection, 10. Building Codes**.

- d) Personal Property Reimbursement. Under **Coverage C, we** will make additional payment to reimburse **you** for cost in excess of actual cash value if **you** repair, rebuild or replace damaged, destroyed or stolen covered personal property or wall-to-wall carpeting within 365 days of the loss. Personal Property Reimbursement payment will not exceed the smallest of the following amounts:

- 1) the amount actually and necessarily spent to repair or replace the property with similar property of like kind and quality;
- 2) the cost of repair or restoration; or
- 3) the Limit Of Liability shown on the Policy Declarations for **Coverage C**, or any special limit of liability described in the policy, regardless of the number of items of personal property involved in the loss.

Personal Property Reimbursement will be limited to the difference between any actual cash value payment made for the covered loss to personal property and the smallest of 1), 2) or 3) above.

Personal Property Reimbursement will not apply to:

- 1) property insured under **Coverage A** and **Coverage B**, except wall-to-wall carpeting;
- 2) antiques, fine arts, paintings, statuary and similar articles which, by their inherent nature, cannot be replaced;
- 3) articles whose age or history contributes substantially to their value. This includes, but is not limited to, memorabilia, souvenirs and collector's items;
- 4) property that was obsolete or unusable for the originally intended purpose because of age or condition prior to loss; or
- 5) motorized land vehicles used solely for the service of the **insured premises** and not licensed for use on public roads. This does not include motorized land vehicles designed for assisting the disabled.

6. Our Settlement Of Loss

We will settle any covered loss with **you** unless some other person or entity is named in the policy. The settlement amount may be determined by an agreement between **you** and **us**, an appraisal award, a court judgment or an arbitration award.

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.

7. Appraisal

- a) The following definitions shall apply under this appraisal clause:
 - 1) **Claimed loss** – means **your** claim of

direct physical loss or damage to property.

- 2) **Component parts** – of property means each of the constituent parts of the property. By way of example only, if the **claimed loss** is a roof, the component parts of property for a roof might include: the trusses, rafters, decking, underlayment, sheathing, drip edge, shingles, tiles or other outer covering, jack pipes, vents or skylights.
- 3) **Incurred property damage** – means the verifiable actual theft of or actual distinct and demonstrable physical injury to or destruction of property.
 - b) If **you** or **we** fail to agree on the actual cash value (including the replacement costs and depreciation/obsolescence) or the **incurred property damage** of **your claimed loss**, either **you** or **we** may make a written demand for appraisal. The appraisal shall be made strictly in accord with the terms of this appraisal clause. Neither **you** nor **we** may assign the right to demand appraisal, whether before or after loss or damage. Any assignment shall be void.
 - c) 1) Within 20 days of the receipt of a written demand for appraisal, **you** and **we** each shall:
 - (i) appoint a qualified individual person as an appraiser; and
 - (ii) notify the other in writing of the appraiser's name and contact information.
 - 2) In order for a person to be qualified to act as an appraiser, the person must be competent, independent, neutral and impartial. A person:
 - (i) who has performed, or who is employed by any entity which has performed any work, or a person who has provided any service for either **you** or **us** in relation to any **claimed loss** under this policy, whether or not such work or service has been or will be paid; or
 - (ii) who has performed or may perform, or who is employed by an entity which has performed or may perform repairs or replacement of **your** property; shall not be qualified to serve as an appraiser.
 - 3) Upon acceptance of the appointment, each appraiser shall within 5 days disclose in writing to **you** and to **us** any known facts which a reasonable person may consider to affect independence, neutrality or impartiality of the appraiser, including without limitation:

- (i) any financial or personal interest in the outcome of the appraisal; and
 - (ii) any current or previous relationship with **you** or **us**, or **your** or **our** counsel, other representative(s) or experts, or with the other appraiser.
- d) **You** and **we** may provide the appraisers with estimates, expert opinions, appraisal forms or any information **you** or **we** believe to be relevant to the appraisal. Any such documents and information must also be provided to the other party. However, no civil discovery shall be conducted by either the appraisers, any umpire, or **you** or **us** during or for the preparation of the appraisal, and no court reporter shall be used. The rules of civil procedure and the rules of evidence shall not apply to the appraisal process, and no hearing shall be conducted by the appraisers at which either **you** or **we** provide any evidence pertaining to **your claimed loss**.
- e) 1) The appraisers shall determine the **incurred property damage**, if any, to each of the **component parts** of that property for which **you** have **claimed loss**, and the actual cash value of the **incurred property damage**, as of the date of the loss. In determining the actual cash value of the **incurred property damage**, the appraisers shall only use reasonable costs of materials of like kind and quality unless the policy expressly provides otherwise.
- 2) The appraisal shall separately state and itemize the following for each individual **component part** of the **incurred property damage**:
- (i) a description of each **component part** of the property;
 - (ii) a description of the distinct and demonstrable physical injury to or destruction of each **component part**, if any, without reference to what caused the damage;
 - (iii) a description of the reasonably necessary repairs or replacement(s) for each **component part** of property;
 - (iv) the estimated costs of the reasonably necessary repairs or replacement(s) to each **component part** of property;
 - (v) the estimated amount of proper depreciation and/or obsolescence to each **component part** of property; and
 - (vi) the actual cash value of the **incurred property damage**.
- Evidence of the reasonableness of the costs, and evidence that the materials are

the like kind and quality, if the policy loss settlement requires like kind and quality settlement, shall also be included with the appraisal. As appropriate, the foregoing shall also apply to theft.

- 3) The appraisers may consider and provide **you** and **us** with a separate statement of the estimated cost(s) for any repairs or replacements which may be required by building ordinances or laws, but the appraisers may not determine whether such amounts are covered under this insurance policy.
 - 4) The appraisers shall submit their written appraisal in accord with this part e), to both **you** and to **us**, and the amounts agreed upon by the appraisers will be the **incurred property damage** and the actual cash value (including the reimbursement costs and depreciation/obsolescence) of the **incurred property damage** to each **component part** of property for which **you** have **claimed loss**.
 - 5) The appraisers are not authorized to, and shall not decide, the cause, or causes, of **your claimed loss** or any **incurred property damage**.
 - 6) The appraisers are not authorized to decide whether any **incurred property damage** is covered under this insurance policy.
- f) 1) If the appraisers cannot agree on the **incurred property damage** or the actual cash value of the **incurred property damage**, they will advise each of **us** of their failure to agree.
- 2) **You** and **we** shall then jointly request a judge of a district court in the judicial district where the **residence premises** is located to select an umpire. A judge of a district court does not include a commissioner or a judge of a county court at law, of a justice court, a municipal court, a probate court, or of a commissioner's court.
- 3) In order for a person to be qualified to act as an umpire under this appraisal clause, such person must be qualified and meet the conditions required at part c)2).
- 4) Upon the appointment of an umpire by a district judge, the umpire shall within 5 days disclose in writing to **you** and to **us** the information required at part c)3).
- 5) Within 20 days of a qualified umpire being appointed, each of the appraisers shall then submit to the umpire, and to both **you** and **us**, their appraisals. Their appraisals

shall contain all of the information required in part e) above, and shall identify each specific matter upon which they disagree and explain in detail why they disagree. Both appraisers and the umpire shall then together meet and confer. The umpire shall then prepare an appraisal. A written appraisal in conformance with and setting forth all the information required in part e) above, agreed upon and signed by the umpire and either one of the two appraisers will determine the **incurred property damage** and the actual cash value of the **incurred property damage of your claimed loss**.

- 6) If a vacancy should occur regarding the umpire, the vacancy shall be filled in accord with the foregoing process by which the vacating umpire was appointed. Any appointed umpire is subject to 3) and 4) of this part f).
- g) Each party will pay the costs of the appraiser it chooses. The costs of the umpire and all other expenses of the appraisal will be shared and paid equally by **you and us**.
- h) The appraisal shall not:
 - 1) determine whether **your claimed loss** or any **incurred property damage**, or any part thereof, is covered under this insurance policy;
 - 2) determine the cause or causes of the **claimed loss** or any **incurred property damage**;
 - 3) make any factual finding which directly or indirectly determines whether **your claimed loss** or **incurred property damage**, or any part thereof, is covered under this insurance policy;
 - 4) interpret this insurance policy;
 - 5) award or determine any interest or penalties;
 - 6) award any amount for matching property which has not sustained **incurred property damage** with property that has sustained **incurred property damage**;
 - 7) determine loss settlement under a loss settlement provision of this policy; or
 - 8) be considered to be adjustment of **your claimed loss**.
- i) Any demand for appraisal must be made within the contractual suit limitations period stated in this policy. After that time neither **you nor we** may demand an appraisal.
- j) Even after an appraisal award, **we** retain the right to deny any **claimed loss** or **incurred property damage**, or any part thereof.

8. **Abandoned Property**

We are not obligated to accept any property or responsibility for any property abandoned by an **insured person**.

9. **Permission Granted To You**

- a) The **residence premises** may be **vacant** or **unoccupied** for any length of time, except where a time limit is indicated in this policy for specific perils. A **building structure** under construction is not considered **vacant**.
- b) **You** may make alterations, additions or repairs, and **you** may complete structures under construction.

10. **Our Rights To Recover Payment**

When **we** pay for any loss, an **insured person's** right to recover from anyone else becomes **our** right. **We** can collect up to the amount **we** have paid. An **insured person** must protect **our** right to recover and help **us** enforce it. **You** may waive **your** rights to recover against another person for loss involving the property covered by this policy. This waiver must be in writing prior to the date of the loss.

11. **Our Rights To Obtain Salvage**

We have the option to take all or any part of the damaged or destroyed covered property upon replacement by **us** or payment of the agreed or appraised value.

We will notify **you** of **our** intent to exercise this option within 30 days after **we** receive **your** signed, sworn proof of loss. If no signed, sworn proof of loss is requested by **us**, **we** will notify **you** of **our** intent to exercise this option within 60 days after the date **you** report the loss to **us**. When **we** settle any loss caused by theft or disappearance, **we** have the right to obtain all or part of any property which may be recovered. An **insured person** must protect this right and inform **us** of any property recovered. **We** will inform **you** of **our** intent to exercise this right within 10 days of **your** notice of recovery to **us**.

12. **Lawsuits Against Us**

- a) No suit or action can be brought unless the policy provisions have been complied with. A suit brought against **us** must be filed within 2 years and 1 day after the cause of action accrues.
- b) If **you** disagree with **our** claim decision, **you** can file suit:
 - 1) 60 days after **we** receive **your** notice of disagreements under **Section I – Conditions**, item 3.c); or
 - 2) if **we** do not request information from **you**

within 15 days after **we** receive **your** notice of disagreements; or

- 3) if **we** do not notify **you** in writing of **our** decision on **your** disagreements within the time **we** are allowed under **Section I – Conditions**, item 3.c)4); or
 - 4) after **you** receive **our** decision on **your** disagreements; or
 - 5) if it is necessary to prevent the statute of limitations from expiring.
- c) **You** can file suit before or after appraisal is requested. **You** and **we** agree that a suit must be abated if appraisal is requested until appraisal is complete.
- d) **If You File Suit Before Complying With Policy Provisions.**
- 1) If **you** file suit before **you** comply with the policy provisions, including providing notice of **your** disagreements, **you** and **we** agree:
 - (i) the suit must be abated until **you** comply with the policy provisions, unless compliance is no longer possible; and
 - (ii) **our** duties under **Disagreements With Our Claim Decision (Section I – Conditions**, item 3.c)) stop until **we** receive notice the suit is abated.
 - 2) **You** comply with the policy provisions under **Disagreements With Our Claim Decision** when **we**:
 - (i) receive notice of **your** disagreements;
 - (ii) receive the information **we** request from **you**, if any; and
 - (iii) notify **you** of **our** decision or **our** time to do so under **Section I – Conditions**, item 3.c)4) has passed.

13. Loss To A Pair Or Set

- If there is a covered loss to a pair or set, **we** may:
- a) repair or replace any part of the pair or set to restore it to its actual cash value before the loss; or
 - b) pay the difference between the actual cash value of the pair or set before and after the loss.

Such loss will not be considered a total loss of the pair or set.

14. Glass Replacement

Payment for loss to covered glass includes the cost of using safety-glazing materials when required by law.

15. No Benefit To Bailee

This insurance will not benefit any person or organization that may be caring for or handling

your property for a fee.

16. Other Insurance

If both this insurance and other insurance apply to a loss, **we** will pay the proportionate amount that this insurance bears to the total amount of all applicable insurance. However, in the event of a loss by theft, this insurance shall be excess over any other insurance that covers loss by theft.

17. Mortgagee

A covered loss will be payable to the Mortgagee(s) named on the Policy Declarations, to the extent of their interest and in the order of precedence. All provisions of **Section I** of this policy apply to these mortgagees.

We will:

- a) protect the mortgagee's interest in a covered **building structure** in the event of an increase in hazard, intentional or criminal acts of, or directed by, an **insured person**, failure by an **insured person** to take all reasonable steps to save and preserve property after a loss, a change in ownership, or foreclosure if the mortgagee has no knowledge of these conditions; and
- b) give the mortgagee at least 10 days notice if this policy is cancelled.

The mortgagee will:

- a) furnish proof of loss within 91 days after receiving notice from **us** if an **insured person** fails to do so;
- b) pay upon demand any premium due if an **insured person** fails to do so;
- c) notify **us** in writing of any change of ownership or occupancy or any increase in hazard of which the mortgagee has knowledge;
- d) give **us** the mortgagee's right of recovery against any party liable for loss; and
- e) after a loss, and at **our** option, permit **us** to satisfy the mortgage requirements and receive full transfer of the mortgage.

If the property described under **Coverage A** is foreclosed upon under the deed of trust, the mortgagee may cancel this policy of insurance and will be entitled to any unearned premiums from this policy.

The mortgagee must credit any unearned premium against any deficiency owed by the borrower and return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.

This mortgagee interest provision shall apply to any trustee or loss payee or other secured party.

18. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, each claim handling deadline under the Texas Insurance Code, Chapter 542, Subchapter B, which are restated in the **Our Duties After Loss** and **Our Settlement of Loss** provisions, 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.

19. Waiver or Change of Policy Provisions

Changes in this policy by **us** may be made and perils insured against added only by attaching a written endorsement properly executed by **our** authorized agent. No provision of this policy may be waived by **us** unless the terms of this policy allow the provision to be waived. **Our** request for an appraisal or examination will not waive any of **our** rights.

20. Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss

In the event of a covered water loss under **Coverage A, Coverage B** or **Coverage C**, **we** will pay up to \$5,000 for mold, fungus, wet rot or dry rot remediation.

This condition does not increase the limits of liability under **Coverage A, Coverage B** or **Coverage C**.

SECTION II – FAMILY LIABILITY AND GUEST MEDICAL PROTECTION

Coverage X – Family Liability Protection

Losses We Cover Under Coverage X

Subject to the terms, conditions and limitations of this policy, **we** will pay damages that an **insured person** becomes legally obligated to pay because of **bodily injury** or **property damage** arising from an **occurrence** to which this policy applies, and is covered by this part of the policy.

We may investigate or settle any claim or suit for

covered damages against an **insured person**. If an **insured person** is sued for these damages, **we** will provide a defense with counsel of **our** choice, even if the allegations are groundless, false or fraudulent. **We** are not obligated to pay any claim or judgment after **we** have exhausted **our** limit of liability.

Coverage Y – Guest Medical Protection

Losses We Cover Under Coverage Y

We will pay the reasonable expenses incurred for necessary medical, surgical, x-ray and dental services; ambulance, hospital, licensed nursing and funeral services; and prosthetic devices, eyeglasses, hearing aids, and pharmaceuticals. These expenses must be incurred and the services performed within two years and one day from the date of an **occurrence** causing **bodily injury** to which this policy applies, and is covered by this part of the policy.

Each person who sustains **bodily injury** is entitled to this protection when that person is:

1. on the **insured premises** with the permission of an **insured person**; or
2. off the **insured premises** if the **bodily injury**:
 - a) arises out of a condition on the **insured premises** or immediately adjoining ways;
 - b) is caused by the activities of an **insured person**; or
 - c) is sustained by a **residence employee**.

Additional Protection

We will pay, in addition to the limits of liability:

1. Claim Expense

We will pay:

- a) all costs **we** incur in the settlement of any claim or the defense of any suit against an **insured person**;
- b) interest accruing on damages awarded until such time as **we** have paid, formally offered, or deposited in court the amount for which **we** are liable under this policy; interest will be paid only on damages which do not exceed **our** limits of liability;
- c) premiums on bonds required in any suit **we** defend; **we** will not pay bond premiums in an amount that is more than **our** limit of liability; **we** have no obligation to apply for or furnish bonds;
- d) up to \$150 per day for loss of wages and salary when **we** ask **you** to attend trials and hearings;
- e) any other reasonable expenses incurred by an **insured person** at **our** request.

2. Emergency First Aid

We will pay reasonable expenses incurred by an **insured person** for first aid to other persons at the

time of an accident involving **bodily injury** covered under this policy.

3. **Damage to Property of Others**

At **your** request, **we** will pay up to \$500 each time an **insured person** causes **property damage** to someone else's property. At **our** option, **we** will pay the cost to either repair or replace the property damaged by an **insured person**, without deduction for depreciation.

We will not pay for **property damage**:

- a) to property covered under **Section I** of this policy;
- b) to property intentionally damaged by an **insured person**;
- c) to property owned by or rented to an **insured person**, any tenant of an **insured person**, or any resident in **your** household; or
- d) arising out of:
 - 1) past or present **business** activities;
 - 2) any act or omission in connection with a premises, other than an **insured premises**, owned, rented or controlled by an **insured person**; or
 - 3) the ownership or use of a motorized land vehicle, trailer, aircraft, hovercraft or watercraft.

Losses We Do Not Cover Under Coverage X

1. **We** do not cover **bodily injury** to an **insured person** or **property damage** to property owned by an **insured person** whenever any benefit of this coverage would accrue directly or indirectly to an **insured person**.
2. **We** do not cover any **property damage** consisting of or caused by vapors, fumes, acids, toxic chemicals, toxic gases, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants. This exclusion does not apply to **bodily injury** or **property damage** arising from a heating or air conditioning system, or out of heat, smoke or fumes from a hostile fire. "Hostile fire" means one that becomes uncontrollable or breaks out from where it was intended to be.
3. **We** do not cover any **bodily injury** or **property damage** arising out of any liability statutorily imposed on any **insured person** in any manner, consisting of or caused by vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants. This exclusion does not apply to **bodily injury** or **property damage** arising from a heating or air conditioning system, or out of heat, smoke or fumes from a hostile fire.

4. **We** do not cover any liability an **insured person** assumes arising out of any contract or agreement.
5. **We** do not cover **property damage** to property rented to, occupied or used by, or in the care of, an **insured person**. This exclusion does not apply if the **property damage** is caused by fire, explosion or smoke.
6. **We** do not cover any liability imposed upon any **insured person** by any governmental authority for **bodily injury** or **property damage** that, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or other microbes.

Losses We Do Not Cover Under Coverage Y

1. **We** do not cover **bodily injury** to any **insured person** or regular resident of the **insured premises**. However, this exclusion does not apply to a **residence employee**.
2. **We** do not cover **bodily injury** to any person on the **insured premises** because of a **business** activity or professional service conducted there.

Losses We Do Not Cover Under Coverage X and Coverage Y

Coverage under **Coverage X** will be excluded for **bodily injury** and **property damage** and coverage under **Coverage Y** will be excluded for **bodily injury** as follows:

1. **We** do not cover **bodily injury** or **property damage** that is caused intentionally by or at the direction of an **insured person**. **We** do cover **bodily injury** or **property damage** as to the interest of an **insured person** or spouse who did not participate in or contribute to such loss.
2. **We** do not cover **bodily injury** to any person eligible to receive benefits required to be provided or voluntarily provided by an **insured person** under any worker's compensation, occupational or non-occupational disability or occupational disease law.
3. **We** do not cover **bodily injury** or **property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading, or unloading of aircraft, whether manned or unmanned. This exclusion does not apply to **bodily injury** to a **residence employee**.

4. **We do not cover bodily injury or property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any motor vehicle or trailer. However, this exclusion does not apply to:
- a motor vehicle in dead storage or used exclusively on an **insured premises**;
 - any motor vehicle designed principally for recreational use off public roads, unless that vehicle is owned by an **insured person** and is being used away from an **insured premises**;
 - a motorized wheel chair;
 - a vehicle used to service an **insured premises** that is not designed for use on public roads and not subject to motor vehicle registration;
 - a golf cart owned by an **insured person** while in use for golfing purposes;
 - a trailer for a boat, camper, or utility type trailer unless it is being towed or carried by a motorized land vehicle;
 - lawn or garden implements under 40 horsepower;
 - bodily injury** to a **residence employee**.
5. **We do not cover bodily injury or property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of watercraft away from an **insured premises** if the watercraft:
- has inboard or inboard-outboard motor power of more than 50 horsepower;
 - is a sailing vessel 26 feet or more in length;
 - is powered by one or more outboard motors with more than 25 total horsepower;
 - is designated as an airboat, air cushion, or similar type of watercraft; or
 - is a personal watercraft, meaning a craft propelled by an engine driven water jet pump and designed to be operated by a person or persons sitting, standing or kneeling on the craft.
- This exclusion does not apply to **bodily injury** to a **residence employee**.
6. **We do not cover bodily injury or property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of hovercrafts. This exclusion does not apply to **bodily injury** to a **residence employee**.
7. **We do not cover bodily injury or property damage** arising out of:
- the negligent supervision by any **insured person** of any person; or
 - any liability statutorily imposed on any **insured person** arising from the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any aircraft, watercraft, hovercraft, motorized land vehicle or trailer that is not covered under **Section II** of this policy.
8. **We do not cover any bodily injury** which results in any manner from the discharge, dispersal, release or escape of vapors, fumes, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials or other irritants, contaminants or pollutants.
- We do cover bodily injury** which results from such discharge if the discharge is sudden and unexpected as to all **insured persons**. This exclusion does not apply to **bodily injury or property damage** arising from a heating or air conditioning system, or out of heat, smoke or fumes from a hostile fire.
9. **We do not cover bodily injury or property damage** arising out of the rendering of, or failure to render, professional services by an **insured person**.
10. **We do not cover bodily injury or property damage** arising out of any past or present **business** activities of the **insured person**. **We do cover** the occasional or part-time **business** activities of an **insured person** who is a student under 21 years of age who is self-employed and has no employees.
11. **We do not cover bodily injury or property damage** arising out of any premises, other than an **insured premises**, owned, rented, or controlled by an **insured person**. This exclusion does not apply to **bodily injury** to a **residence employee**.
12. **We do not cover bodily injury or property damage**, which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or any other microbes.
13. **We do not cover bodily injury or property damage** caused by war or warlike acts, including, but not limited to, insurrection, rebellion or revolution.
14. **We do not cover bodily injury or property damage** caused by sickness, disease and/or resulting death from diseases transmitted through sexual contact, including:
- any venereal disease;
 - Herpes;

- c) Acquired Immune Deficiency Syndrome (AIDS);
 - d) Human Immunodeficiency Virus (HIV); or any resulting symptom, effect, condition, disease or illness related to a) through d), above.
15. **We do not cover 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 that is committed with the intent to cause harm.
16. **We do not cover 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.
17. **We do not cover bodily injury or property damage** arising out of:
- a) an **occurrence** involving any animal owned by or in the care or custody of an **insured person**;
 - b) the ownership, care, use, rental, loaning, entrustment or supervision of any animal by an **insured person**; or
 - c) any statutory liability imposed on an **insured person** as a result of the ownership, care, use, rental, loaning, entrustment or supervision of any animal by an **insured person**.

Conditions

1. **What You Must Do After An Accidental Loss**
In the event of **bodily injury** or **property damage**, **you** must do the following:
- a) promptly notify **us** or **our** agent stating:
 - 1) **your** name and policy number;
 - 2) the date, the place and the circumstances of the loss;
 - 3) the name and address of anyone who might have a claim against an **insured person**;
 - 4) the names and addresses of any witnesses.
 - b) promptly send **us** any legal papers relating to the accident.
 - c) at **our** request, an **insured person** must:
 - 1) cooperate with **us** and assist **us** in any matter concerning a claim or suit;

- 2) help **us** enforce any right of recovery against any person or organization who may be liable to an **insured person**;
 - 3) attend any hearing or trial.
- d) under the **Damage To Property Of Others** protection, give **us** a sworn statement of the loss. This must be made within 91 days after the date of loss. Also, an **insured person** must be prepared to show **us** any damaged property under that person's control.

Any **insured person** will not voluntarily pay any money, assume any obligations or incur any expense, other than for first aid to others at the time of the loss as provided in this policy.

2. **What An Injured Person Must Do – Coverage Y – Guest Medical Protection**
If someone is injured, that person, or someone acting for that person, must do the following:
- a) promptly give **us** written proof of the loss. If **we** request, this must be done under oath.
 - b) give **us** written authorization to obtain copies of all medical records and reports.
 - c) permit doctors **we** select to examine the injured person as often as **we** may reasonably require.
3. **Our Payment Of Loss – Coverage Y – Guest Medical Protection**
We may pay the injured person or the provider of the medical services. Payment under this coverage is not an admission of liability by an **insured person** or **us**.
4. **Our Limits Of Liability**
Regardless of the number of **insured persons**, injured persons, claims, claimants or policies involved, **our** total liability under **Coverage X** for damages resulting from one **occurrence** will not exceed the Limit Of Liability shown on the Policy Declarations. All **bodily injury** and **property damage** resulting from continuous or repeated exposure to the same general conditions is considered the result of one **occurrence**, even if such exposure occurs over multiple policy periods. **Our** total liability under **Coverage Y** for all medical expenses payable for **bodily injury** to any one person shall not exceed the "each person" Limit Of Liability shown on the Policy Declarations.
5. **Bankruptcy**
We are not relieved of any obligation under this policy because of bankruptcy or insolvency of an **insured person**.

6. **Our Rights To Recover Payment – Coverage X – Family Liability Protection**

When **we** pay any loss, an **insured person's** right to recover from anyone else becomes **our** right. **We** can recover up to the amount **we** have paid. An **insured person** must protect **our rights** and help **us** enforce them.

7. **Lawsuits Against Us**

- a) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Coverage X**, unless the obligation of an **insured person** to pay has been finally determined either by judgment against the **insured person** after actual trial, or by written agreement of the **insured person**, injured person and **us**, and the action against **us** is commenced within two years and one day after the cause of action accrues.
- b) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Coverage Y**, unless such action is commenced within two years and one day after the cause of action accrues and not less than 30 days after any required proofs of claim have been filed with **us**.
- c) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Section II – Additional Protection**, unless such action is commenced within two years and one day after the cause of action accrues.
- d) No one shall have any right to make **us** a party to an action to determine the liability of an **insured person**.

8. **Other Insurance – Coverage X – Family Liability Protection**

This insurance is excess over any other valid and collectible insurance except insurance that is written specifically as an excess over the limit of liability policy that apply to this policy.

9. **Notice of Settlement of Liability Claim**

- a) **We** will notify the **insured person** in writing of any initial offer to compromise or settle a claim against the **insured person** under the liability section of this policy. **We** will give the **insured person** notice within 10 days after the date the offer is made.
- B) **We** will notify the **insured person** in writing of any settlement of a claim against the **insured person** under the liability section of this

policy. **We** will give the **insured person** notice within 30 days after the date of settlement.

SECTION III – OPTIONAL PROTECTION

The following Optional Coverages may supplement coverages found in **Section I** or **Section II** and apply only when they are shown on the Policy Declarations. The provisions of this policy apply to each Optional Coverage in this section unless modified by the terms of the specific Optional Coverage.

Increased Coverage On Business Property

The limitation on **business** property located on the **residence premises**, under **Coverage C**, is increased to the amount shown on the Policy Declarations. This increased coverage includes property held as samples or for sale or delivery after sale, while the property is on the **residence premises**.

Increased Coverage On Electronic Data Processing Equipment

The limitation on electronic data processing equipment under **Coverage C**, and the recording or storage media used with that equipment, is increased to the amount shown on the Policy Declarations.

Increased Coverage On Fire Department Charges

The \$500 limit applying to the fire department service charges under **Section I – Additional Protection** is increased to the amount shown on the Policy Declarations.

Increased Coverage On Loss Assessments

If **your residence premises** includes a **building structure** which is constructed in common with one or more similar buildings, and **you** are a member of, and subject to the rules of, an association governing the areas held in common by all building owners as members of the association, the **insured premises** means the **building structure** occupied exclusively by **your** household as a private residence, including the grounds, related to structures and private approaches to them.

We will pay **your** share of any special assessments charged against all building owners by the associate up to the Limit Of Liability shown on the Policy Declarations, when the assessment is made as a result of:

- a) direct physical loss to the property held in common by all building owners that is sudden and

- accidental to all **insured persons** caused by a loss **we** cover under **Section I** of this policy; or
- b) **bodily injury** or **property damage** covered under **Section II** of this policy.

Any reduction or elimination of payments for losses because of any deductible applying to the insurance coverage of the association of building owners collectively is not covered under this protection.

We will pay only when the assessment levied against the **insured person**, as a result of any one loss, for **bodily injury** or **property damage** exceeds \$250 and then only for the amount of such excess. This coverage is not subject to any deductible applying to **Section I** of this policy.

In the event of an assessment, this coverage is subject to all the conditions and exclusions applicable to **Sections I** and **II** of this policy, except as otherwise noted.

This coverage is excess over any insurance collectible under any policy or policies covering the association of building owners.

Increased Coverage On Theft Of Jewelry, Watches and Furs

The limitation on furs and any item for which fur represents the majority value, jewelry, watches, and precious and semi-precious stones under **Coverage C** is increased to the amount shown on the Policy Declarations.

Incidental Office, Private School Or Studio

The limits applying to property used or intended for use in a **business** under **Coverage C** do not apply to equipment, supplies and furnishings used in a described office, private school or studio at **your residence premises**. This does not include electronic processing equipment or the recording storage media used with that equipment.

Coverage X and **Coverage Y** are extended to cover a described office, private school or studio occupied by an **insured person**. The occupancy of the described property shall not be considered a **business**.

We do not cover **bodily injury** to:

- a) any employee other than a **residence employee**; or
- b) any person arising out of corporal punishment administered by or at the direction of an **insured person**.

Increased Coverage On Money

The limitation on money, bullion, bank notes, coins

and other numismatic property, scrip, stored value cards and smart cards under **Coverage C** is increased to the amount shown on the Policy Declarations.

Business Pursuits

Coverage X and **Coverage Y** are extended to cover specified **business** pursuits of an **insured person**.

We do not cover:

- a) **bodily injury** or **property damage** arising out of the **business** pursuits of an **insured person** when the **business** is owned or financially controlled by the **insured person**. This also means a partnership or joint venture of which an **insured person** is a partner or member;
- b) **bodily injury** or **property damage** arising out of or failure to render a professional service of any nature, other than teaching;
- c) **bodily injury** to a fellow employee of an **insured person** arising out of and in the course of employment;
- d) **bodily injury** or **property damage** when an **insured person** is a member of a teaching staff or faculty of any school or college and the **bodily injury** or **property damage** arises out of the maintenance or use of saddle animals, vehicles used with saddle animals, motorized land vehicles, hovercrafts, aircraft or watercraft when owned, hired or operated by an **insured person** or used for the purpose of instruction; or
- e) **bodily injury** to any person arising out of corporal punishment administered by or at the direction of an **insured person** when the **insured person** is member of the teaching staff or faculty of any school of instruction.

Increased Coverage On Securities

The limitation on accounts, bills, deeds, evidences of debt, letters of credit, notes other than bank notes, checks, cashier's checks, traveler's checks, passports, securities, tickets, and stamps, including philatelic property, under **Coverage C** is increased to the amount shown on the Policy Declarations.

Satellite Dish Antennas

Coverage C is extended to pay for direct physical loss to satellite dish antennas and their systems on **your residence premises** that is sudden and unexpected as to all **insured persons**, subject to the provisions of **Coverage C**. The amount of coverage is shown on the Policy Declarations.

Increased Coverage On Theft Of Flatware

The limitation on goldware, silverware, pewterware and platinumware under **Coverage C** is increased to the amount shown on the Policy Declarations.