

TEXAS  
AMENDATORY ENDORSEMENT

1. Under **GENERAL DEFINITIONS:**

- A. the definition of "**Bodily injury**" is deleted and replaced by:

"**Bodily injury**" means any physical harm to the body including any resulting sickness or disease. This term includes required care, loss of services and death if it is a result of such physical harm, sickness or disease.

**Bodily injury does not include:**

1. any of the following which are transmitted by **you** to any other person through sexual contact: disease, bacteria, parasite, virus or other organism;
2. the exposure to any such disease, bacteria, parasite, virus or other organism by **you** to any other person through sexual contact;
3. the actual, alleged or threatened sexual molestation of a person which is committed with the intent to cause harm; or
4. emotional distress, mental anguish, humiliation, mental distress, mental injury, or any similar injury unless the direct result of physical harm.

- B. the definition of "**Business**" or "**Business Purposes**" is deleted and replaced by:

"**Business**" or "**business purposes**" means:

1. any full or part time activity of any kind engaged in for economic gain, and the use of any part of any premises for such purposes. Economic gain does not apply to activities for which no insured receives more than \$2000 in total compensation for the 12 months before the beginning of the policy period; and
2. **your** property rented or held for rental by **you**. Rental of the **residence premises** is not considered business when:
  - A. it is rented occasionally for use as a residence;
  - B. a portion is rented to no more than two roomers or boarders; or
  - C. a portion is rented as a private garage.

2. Under **SECTION I - LOSSES WE DO NOT COVER:**

- A. Exclusion 1. first paragraph is deleted and replaced by:

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

- B. item 1.A. **Intentional Loss** is deleted and replaced by:

- A. **Intentional Loss**, meaning any loss arising out of any intentional or criminal act committed:

1. by **you** or at **your** direction; and
2. with the intent to cause a loss.

In the event of such loss, no one defined as **you** or **your** is entitled to coverage, even people defined as **you** or **your** who did not commit or conspire to commit the act causing the loss. However, this exclusion does not apply to an innocent insured that did not cooperate in or contribute to the creation of the loss if that insured person has:

1. filed a police report; and
2. cooperated with law enforcement investigation or prosecution relating to any other insured person causing the intentional loss.

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

To the extent that any property coverage endorsement applying to this policy contains an exclusion for intentional loss, the above exclusion applies in lieu of the intentional loss exclusion contained in the property coverage endorsement.

C. item 1.H. **Neglect** is deleted and replaced by:

H. **Neglect** by **you** to use all reasonable means to save and preserve property at and after the time of a loss.

D. Exclusion 2.A. is deleted and replaced by:

A. conduct, act, failure to act, or decision of any person, group, organization or governmental body;

3. Under **SECTION I - CONDITIONS:**

A. item 2. **What You Must Do After a Loss:**

1. the first sentence is deleted and replaced by:

**We** have no obligation to provide coverage under this policy if **you** or **your** representative fail to comply with the following duties and the failure to comply is prejudicial to **us**:

2. item 2.A. is deleted and replaced by:

A. Promptly, notify **us** or **our** representative.

In case of theft, promptly notify the police.

In case of loss under the credit card or electronic fund transfer card coverage, promptly notify the issuing company or bank.

3. item 2.E. is deleted and replaced by:

E. At any reasonable time and place **we** designate, and as often as **we** reasonably require:

1. show **us** the damaged property;

2. submit to questions concerning the loss under oath while not in the presence of any other person defined as "**you**", and sign and swear to the answers; and

3. allow **us** to examine and copy or abstract pertinent records and documents **we** request.

4. item 2.F. first sentence is deleted and replaced by:

F. Within 90 days after **our** request, the named insured must file with **us** a signed and sworn proof of loss, stating to the best of **your** knowledge:

B. item 3. **Our Settlement Options** is deleted and replaced by:

3. **Our Settlement Options.** **We** will adjust all losses with **you**. **We** will pay **you** unless another payee is named in the policy. This amount may be determined by an agreement between **you** and **us**, an appraisal award or entry of a final judgment, subject to **SECTION I - HOW WE SETTLE A PROPERTY LOSS**. 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. A business day is a day other than Saturday, Sunday or holiday recognized by this state. In the event of a weather-related catastrophe or major natural disaster, as defined by the commissioner, the claim handling deadlines noted above are extended for an additional 15 days.

**We** have the option of taking all or part of the property at the agreed or appraised value. **We** have the option to repair, rebuild or replace the damaged or destroyed property with property of like kind and quality within a reasonable time. **We** must give **you** notice of **our** intention within 30 days after **we** receive **your** signed, sworn proof of loss.

With regard to Our Settlement Options, the term "**you**" applies only to the named insured, including spouse if a resident of the same household.

- C. item 7. **Appraisal**, the following condition is added:

With regard to Appraisal, the term "**you**" applies only to the named insured, including spouse if a resident of the same household.

- D. item 8. **Rights and Duties of Mortgagee** is deleted and replaced by:

8. **Rights and Duties of Mortgagee.** If a mortgagee is named in the Declarations, any payment for loss under Coverage A or B will be made to the mortgagee to the extent of its interest under all present and future mortgages. If more than one mortgagee is named, payment will be made in the order of priority of the mortgagees.

The interest of the mortgagee under this policy will not be affected by any action or neglect by **you**. The interest of the mortgagee under this policy will terminate unless it:

- A. pays upon demand any premium due if the owner or mortgagor fails to do so;
- B. notifies **us** of any change of ownership or increase in hazard of which the mortgagee has knowledge; and
- C. pays upon demand the premium for any such increase in hazard.

**We** will notify the mortgagee if **you** fail to give **us** proof of loss. Within 90 days after receiving such notice, the mortgagee must give **us** proof of loss. Policy conditions relating to appraisal, time of payment and time of bringing lawsuit apply to the mortgagee.

If this policy is terminated, **we** will give the mortgagee specifically named on the declarations page written notice of termination.

If **we** cancel the policy, **we** will give the mortgagee the same number of days notice of cancellation **we** give to **you**.

If **you** cancel the policy, **we** will give the mortgagee notice of cancellation to be effective on the date stated in the notice.

**We** will give the mortgagee not less than 30 days notice of nonrenewal of the insurance protecting its interest.

If the property described under **COVERAGE A - DWELLING** 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.

If **we** pay the mortgagee for any loss and deny payment to **you**, **we** will be subrogated to the extent of **our** payment to all the rights that the mortgagee has under the mortgage on the property. At **our** option, **we** may pay to the mortgagee the whole principal on the mortgage and any interest

due. In this event, **we** may receive a full assignment and transfer of the mortgage and all securities held as collateral for the mortgage debt. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

**Our** cancellation of the policy also applies to agreements under this condition.

As used in this condition, the term "mortgagee" includes a trustee, if applicable.

E. the following condition is added:

**Our Duties After a Loss**

1. Within 15 days after **we** receive notice of claim, **we** must:
  - a. acknowledge receipt of the claim. If **our** acknowledgement of the claim is not in writing, **we** will keep a record of the date, method and content of **our** acknowledgement.
  - b. begin any investigation of the claim.
  - c. specify the information **you** must provide in accordance with **What You Must Do After a Loss**. **We** may request more information, if during the investigation of the claim such additional information is necessary.
2. After **we** receive the information **we** request, **we** must notify the named insured in writing whether the claim will be paid or has been denied or whether more information is needed:
  - a. within 15 business days; or
  - b. 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:
  - a. give reasons for denying the claim; or
  - b. 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.

F. the following condition is added:

**Total Loss of Real Property**

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

Under GrandProtect, the full amount, applicable to real property that shall be held and considered to be a liquidated demand for a total loss by fire, is displayed in the Declarations under the Basic Policy Coverage. That full amount for dwelling total loss is the dollar figure for A - Dwelling Amount. That full amount for private structures total loss is the dollar figure for B - Private Structures Amount. The Blanket Property Limit is not to be considered as a liquidated demand for a total loss by fire.

G. the following condition is added:

**Residential Community Property Clause**

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

4. Under **SECTION II - LOSSES WE COVER, COVERAGE F - PERSONAL LIABILITY, Agreement**, the second paragraph is deleted and replaced by:

**We** will defend **you**, at **our** expense with counsel of **our** choice, against any suit seeking these damages

even if the suit is groundless, false or fraudulent. **We** may investigate, negotiate, or settle any suit. **We** are not obligated to defend against damages not covered under this policy.

5. Under **SECTION II - LOSSES WE DO NOT COVER, COVERAGE F - PERSONAL LIABILITY AND COVERAGE G - MEDICAL PAYMENT TO OTHERS:**

A. item 1. **Intentional Loss** is deleted and replaced by:

1. **Intentional Loss.** **We** do not cover **bodily injury** or **property damage** which is reasonably expected or intended by **you** or which is the result of **your** intentional and criminal acts or omissions. This exclusion is applicable even if:
  - A. such **bodily injury** or **property damage** is of a different kind or degree than reasonably expected or intended by **you**; or
  - B. such **bodily injury** or **property damage** is sustained by a different person than expected or intended by **you**.

However, this exclusion does not apply to **bodily injury** or **property damage** resulting from the use of reasonable force by **you** to protect persons or property.

Furthermore, this exclusion does not apply to an innocent insured that did not cooperate in or contribute to the creation of the **bodily injury** or **property damage**. If the insured that caused the **bodily injury** or **property damage** is subsequently charged with a criminal act, the innocent insured must cooperate with law enforcement investigation or prosecution relating to any other insured person causing the intentional loss.

To the extent that any liability coverage endorsement applying to this policy contains an exclusion for intentional loss, the above exclusion applies in lieu of the intentional loss exclusion contained in the liability coverage endorsement.

B. item 8. **Motorized Land Vehicles**, item D. is deleted and replaced by:

- D. liability imposed by law involving a motorized land vehicle or trailer.

C. item 9. **Watercraft**, item D. is deleted and replaced by:

- D. liability imposed by law involving a watercraft of any type.

D. item 10. **Hovercraft**, item D. is deleted and replaced by:

- D. liability imposed by law involving a hovercraft.

E. item 11. **Aircraft**, item D. is deleted and replaced by:

- D. liability imposed by law involving aircraft.

F. item 14. **Controlled Substance** is deleted.

G. item 16. **Failure to Disclose** is amended by changing the words "whether known or unknown" to "when known".

H. item 17. **Communicable Disease** is deleted and replaced by:

17. **Communicable Disease.** **We** do not cover **bodily injury** caused by or resulting from any of the following which are transmitted by **you** to any other person through sexual contact: disease, bacteria, parasite, virus or other organism. Furthermore, **we** do not cover **bodily injury** resulting from the exposure to any such disease, bacteria, parasite, virus or other organism by **you** to

any other person through sexual contact.

- I. item 18. **Abuse**, the following condition is added:

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

6. Under **SECTION II - LOSSES WE DO NOT COVER, COVERAGE F - PERSONAL LIABILITY**, item 4. **Care, Custody or Control**, item B. is deleted and replaced by:

- B. **property damage** arising out of the ownership, maintenance or use of a waterbed at the **residence premises**. A waterbed is a bed with a liner and a liquid filled sealed mattress. However, **we** do not cover property owned by **you**.

7. Under **SECTION II - CONDITIONS**:

- A. item 1. **Your Duties in the Event of Accidental Loss**:

1. the first sentence is deleted and replaced by:

In the event of an **occurrence** or offense, **we** have no obligation to provide coverage under this policy if **you** fail to comply with the following duties and the failure to comply is prejudicial to **us**:

2. item 1.A. the first sentence is deleted and replaced by:

- A. The named insured promptly notify **us** or **our** representative, in writing, stating:

3. item 1.B. is deleted and replaced by:

- B. The named insured immediately send **us** any legal papers relating to the accident.

4. item 1.D. is deleted and replaced by:

- D. Under **Damage to Property of Others** in **SECTION II - ADDITIONAL COVERAGES**, give **us** a sworn statement of the loss within 90 days after the loss. Also, be prepared to show **us** any damaged property under **your** control.

- B. item 2. **What an Injured Person Must Do Under Coverage G - Medical Payments to Others**, B. is deleted and replaced by:

- B. Give **us** written authorization to obtain copies of all pertinent medical records and reports reasonably related to the injury.

- C. the following condition is added:

**Notice of Settlement of Liability Claim**

1. **We** will notify the named insured in writing of any initial offer to compromise or settle a claim against **you** under the liability section of this policy. **We** will give the named insured notice within 10 days after the date the offer is made.
2. **We** will notify the named insured in writing of any settlement of a claim against **you** under the liability section of this policy. **We** will give the named insured notice within 30 days after the date of the settlement.

8. Under **GENERAL CONDITIONS**:

- A. item 8. **Our Recovery Right**, the first paragraph is deleted and replaced by:

8. **Our Recovery Right.** The named insured may waive in writing before a loss all rights of recovery against any person. If not waived, **we** may require an assignment of rights of recovery for a loss to the extent that payment is made by **us**.

B. item 9. **Lawsuits Against Us**, the second paragraph is replaced by:

Under Section I of this policy, any suit or action seeking coverage must be brought within 2 years of the loss.

C. item 12. **Cancellation** is deleted and replaced by:

**12. Cancellation**

The named insured may cancel this policy by telling **us** on what future date **you** wish to stop coverage.

**We** may cancel this policy by delivering to the named insured or by mailing to the named insured, at the last known address shown on **our** records, notice stating when such cancellation will be effective. In any case of termination of this policy by **us**, **our** mailing of notice will constitute proof of notice as of the date **we** mail it. **Our** notice of cancellation must state the reason for cancellation. **We** will comply with any law relating to the termination of this policy which contains different requirements.

The earned premium will be computed pro-rata and the returned premium shall be rounded to the nearest dollar. The refund will be made as soon as practicable after cancellation becomes effective, but payment or tender of unearned premiums is not a condition of cancellation.

**We** may not cancel this policy solely because **you** are an elected official.

A. This notice will be mailed not less than 10 days prior to the effective date of cancellation if:

1. **you** have not paid **your** premium when it is due;
2. the insured submits a fraudulent claim;
3. there has been a substantial change in the covered property which increased the hazards **we** originally agreed to insure and that would produce an increase in the premium rate of this policy; or
4. 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.

B. This notice will be mailed not less than 30 days prior to the effective date of cancellation if this policy has been in effect less than 60 days, and is not a renewal with **us**, at the time notice of cancellation is mailed. **We** may cancel the policy if:

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

An inspection report is considered accepted if **we** do not reject the inspection report given to **us** under this item 2. before the 11th day after the inspection report is received by **us**.

C. This notice will be mailed not less than 30 days prior to the effective date of cancellation if this policy has been in effect for 60 days or more, or if the policy is a renewal with **us**.

D. item 13. **Nonrenewal** is deleted and replaced by:

**13. Nonrenewal.** **We** may elect not to renew this policy subject to the restrictions shown below. **We**

may do so by delivering to the named insured, or mailing to the named insured at the mailing address shown in the Declarations, written notice at least 30 days before the renewal date of this policy. Proof of mailing will be sufficient proof of notice.

If **we** offer to renew or continue and the named insured does not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuous premium when due will mean that the named insured has not accepted **our** offer.

Unless **we** have mailed written notice of nonrenewal to **you** not later than the 30th day before the date on which the insurance policy expires, **we** must renew an insurance policy, at the request of the named insured, on the expiration date of the policy.

**We** may not refuse to renew this policy solely because **you** are an elected official.

**We** may not refuse to renew this policy because of claims for losses resulting from natural causes.

**We** may refuse to renew this policy if three or more claims have been filed under the policy in any three year period that do not result from natural causes. A claim does not include a claim that is filed but is not paid or payable under the policy.

If two claims have been filed in a period of less than three years, **we** may notify the named insured in writing, that if a third claim is filed during the three-year period, **we** may refuse to renew this policy by providing proper notice of **our** refusal to renew. If **we** do not notify the named insured after the second claim, **we** may not refuse to renew this policy because of losses.

9. Under endorsement **BOAT AND RECREATIONAL MOTOR VEHICLE PHYSICAL DAMAGE COVERAGE, EXCLUSIONS**, item 3. is deleted and replaced by:
  3. **We** do not cover dishonesty of persons (except carriers for hire) to whom the insured property is entrusted.

All other provisions of this policy apply except as modified by this endorsement.