

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FOUNDATION AND WATER DAMAGE COVERAGE – TEXAS
FORMS HO-2, HO-3 and HV-3 ONLY

SECTION I – PROPERTY COVERAGES

ADDITIONAL COVERAGES

The following Additional Coverages are added:

• **FOUNDATION COVERAGE**

- a. We cover settling, cracking, shrinking, bulging, or expansion of the foundation, floor slab or footings that support the dwelling caused by seepage or leakage of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system.

This coverage includes the cost of tearing out and replacing any part of the building necessary to repair the system from which the leakage or seepage occurred.

- b. We do not cover loss to the system from which the water or steam escaped.
- c. We do not cover any loss or cost resulting from fungi, other microbes or rot except as may be afforded under Additional Coverage 16.
- d. Our limit of liability for this coverage will not exceed an amount equal to 15% of the Coverage A limit applicable on the date of loss or \$25,000, whichever is less. This is the most we will pay for the total of all loss or costs per policy period regardless of the number of losses or claims made.
- e. This coverage does not increase the limit of liability that applies to the damaged covered property.

• **WATER DAMAGE COVERAGE**

- a. We cover the deterioration, wet or dry rot of property described in Coverages **A**, **B** and **C** caused by the constant or repeated seepage or leakage of water or steam from within a:

- (1) plumbing;
- (2) heating;
- (3) air conditioning; or
- (4) automatic fire protective sprinkler system or from within a household appliance.

This coverage includes the cost of tearing out and replacing any part of the building neces-

sary to repair the system from which the leakage or seepage occurred.

- b. We do not cover:

- (1) Loss to the system or appliance from which the water or steam escaped;
- (2) Loss caused by, consisting of, or resulting from "fungi" or microbes; and
- (3) "Fungi" or microbes which are the result of constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

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

SECTION I – PERILS INSURED AGAINST

The following revisions are made for the purposes of this endorsement only:

For Form HO-2:

- 12. Accidental Discharge or Overflow of Water or Steam** is deleted and replaced by the following:

- 12. Accidental Discharge Or Overflow Of Water Or Steam.**

- a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance. We also pay to tear out and replace any part of the building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance from which the water or steam escaped. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

- b. This peril does not include loss:

- (1) On the "residence premises", if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. Vacant means substantially

empty of personal property necessary to sustain normal occupancy. A dwelling being constructed is not considered vacant.

- (2) To the system or appliance from which the water or steam escaped;
- (3) Caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing;
- (4) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
- (5) Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance, except as specifically provided by this endorsement HO-468.
- (6) To a slab or foundation, except as specifically provided by this endorsement HO-468.
- (7) Caused by accidental discharge, or overflow of water, water-borne material or steam from within a plumbing, heating or air conditioning system or household appliance that is either below the surface of the ground or is within or below the slab or foundation of the dwelling, except as specifically provided by this endorsement.

- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment. It also does not include French drains or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. Section I – Exclusion 3. Water Damage, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril unless caused directly or indirectly by flood.

For Form HO-3:

Paragraph 2.c.(5) is deleted and replaced by the following:

- (5) Constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years from within a

plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance, except as specifically provided by this endorsement HO-468.

Paragraph 2.c.(6)(a) is deleted and replaced by the following:

- (a) Wear and tear, marring;

Paragraph 2.c.(6)(c) is deleted.

Paragraph 2.c.(6)(f) is deleted and replaced by the following:

- (f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings or foundations including walls, floors or ceilings;

Paragraph 12. is replaced by the following:

12. Accidental Discharge Or Overflow Of Water Or Steam

- a. This peril means accidental discharge or overflow of water or steam from within a:
 - (1) plumbing;
 - (2) heating;
 - (3) air conditioning; or
 - (4) automatic fire protection sprinkler system or from within a household appliance.
- b. This peril does not include loss:
 - (1) To the system or appliance from which the water or steam escaped;
 - (2) Caused by or resulting from freezing except as provided in Peril Insured Against 14. Freezing;
 - (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
 - (4) Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.
- c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
- d. Section I – Exclusion 3. Water Damage, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to loss by water covered

under this peril unless directly or indirect result of flood.

For Form HV-3:

SECTION I – PERILS INSURED AGAINST

Paragraph 3.f. is added:

- f. Constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance, except as specifically provided by this endorsement.

SECTION I – EXCLUSIONS

- 11. **Settling, Cracking, Bulging, Shrinkage or Expansion of Specific Property** is deleted and replaced by the following:

11. Settling, Cracking, Bulging, Shrinkage or Expansion of Specific Property

Settling, Cracking, Bulging, Shrinkage or Expansion of Specific Property means any loss arising out of, caused by, consisting of or related to settling, cracking, bulging, shrinkage. These also mean expansion of foundations, walls, floors, ceiling, roof structures, walks, drives, curbs, fences, retaining walls or swimming pools, regardless of whether such loss ensues from any loss, including a loss involving water or water damage which is covered under this policy, except as specifically provided by this endorsement HO-468. However, settling, cracking, bulging, shrinkage, or expansion as a direct result of collapse of a building is covered.

This is Exclusion 11. in form **HO-2** and exclusion **A.11.** in forms **HO-3, HV-3, HO-300 TX** and **HV-300 TX**.

All other provisions of this policy apply.

