

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**SPECIAL PROVISIONS – TEXAS****DEFINITIONS**

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

- 11.** "Residence Premises" means
 - a.** The one family dwelling, other structures, and grounds; or
 - b.** that part of any other building; where you reside and which is shown as the "residence premises" on the Declarations. "Residence Premises" also means a two family dwelling where you reside in at least one of the family units and which is shown as the "residence premises" in the Declarations.

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

- 12.** "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 13.** "Business day" means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.
- 14.** "Vacant" means the dwelling lacks the necessary amenities, adequate furnishings, or utilities and services to permit occupancy of the dwelling as a residence.
- 15.** "Unoccupied" means the dwelling is not being inhabited as a residence.
- 16.** "Overhead and Profit" means those costs incurred by you and paid to a General Contractor to perform and oversee covered repairs to the insured location. "Overhead and Profit" does not apply to independent or specialty contractors including, but not limited to, roofers, plumbers, electricians and painters.

SECTION I – PROPERTY COVERAGES**A. Coverage A – Dwelling**

Item 1.a. is replaced by the following:

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

The following is added under item **1.**:

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

B. Coverage B – Other Structures

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

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

D. Coverage D – Loss of Use

Item **2.** **Fair Rental Value** is deleted.

3. Civil Authority Prohibits Use

If civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, we cover the Additional Living Expense as provided under **1.** above for no more than two weeks.

E. Coverage E – Additional Coverages

Item **11.** **Ordinance or Law** is replaced by the following:

11. Ordinance or Law

You may use up to 10% of the limit of liability shown for Coverage A on the declaration page for the increased costs you incur for the following items:

- a.** Due to the enforcement of any ordinance or law which requires or regulates:
 - (1)** The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
 - (2)** The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
 - (3)** The remodeling, removal or replacement of the portion of the undamaged part of a covered building or

other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

- b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.
- c. If the insured property is located in an area which is eligible for coverage through the Texas Windstorm Insurance Association, the coverage described above, also applies to the increased cost you incur due to the repair, replacement or demolition required for the dwelling to comply with the building specifications contained in the Texas Windstorm Insurance Association's plan of operation. This Additional Coverage does not add coverage for the peril of Windstorm or Hail if such coverage is excluded on your policy.
- d. We do not cover:
 - (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
 - (2) The costs to comply with any ordinance or law which required any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

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

This coverage is additional insurance.

SECTION I – PERILS INSURED AGAINST

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

We insure for sudden and accidental direct physical loss to property described in Coverages **A** and **B**.

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

We insure for sudden and accidental direct physical loss to the property described in Coverage **C** caused by any of the following perils unless the loss is excluded under **Section I – Exclusions**

Paragraph **A. Coverage A – Dwelling and Coverage B – Other Structures**

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

(5) Constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor. Over a period of 14 or more days from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within or around a household appliance, shower stall, shower tub or bathtub installation.

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

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

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

(e) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage **C** of this policy.

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

Paragraph **B. Coverage C – Personal Property**

Item **12.b.(4)** is replaced by the following:

(4) Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of 14 or more days.

SECTION I – EXCLUSIONS

Paragraph A.1. Ordinance or Law

Item c. replaced by the following:

- c. Requiring any “insured” or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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

3. Water Damage is replaced by the following:

3. Water Damage

Water Damage means:

- a. Flood, surface water, waves, tidal water, overflow of any body of water, or spray from any of these, whether or not driven by wind;
- b. Water, water-borne material, sewage or any other substance which backs up through sewers or drains;
- c. Water, water-borne material, sewage or any other substance that overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure; or
- d. Water, water-borne material, sewage or any other substance on or below the surface of the ground, regardless of its source. This includes water or any other substance which exerts pressure on or flows, seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

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

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

8. Intentional Loss is replaced by the following:

8. Intentional Loss

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

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

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

(1) Filed a police report; and

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

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

Under Paragraph **A.**, the following Exclusions are added:

10. “Fungi” or Microbes

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

This Exclusion also applies to the cost:

(1) To remove “fungi” or microbes from property covered under Section I – Property Coverages;

(2) To tear out and replace any part of the building or other covered property as needed to gain access to the “fungi” or microbes; and

(3) Of testing of air or property to confirm the absence, presence or level of “fungi” or microbes;

- b. Exclusion 10.a applies unless the “fungi” or microbes are located upon the portion of covered property which must be repaired or replaced because of direct physical damage resulting from sudden

and accidental discharge or overflow of water which would otherwise be covered under this policy. For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us not later than 30 days after the date it was detected or should have been detected.

- c. However, the exception to the exclusion described in 10.b. does not include:
- (1) The cost to treat, contain, remove or dispose of the “fungi” or microbes beyond that which is required to repair or replace the covered property physically damaged by water;
 - (2) The cost of any testing of air or property to confirm the absence, presence or level of “fungi” or microbes whether performed prior to, during or after removal, repair, restoration or replacement;
 - (3) The cost of any decontamination of the “residence premises”; and
 - (4) Any increase in loss under Coverage D – Loss of Use and Additional Coverage 1. Debris Removal resulting from c.(1), (2) and (3).

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

13. Existing Damage

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

This exclusion does not apply in the event of a total loss caused by a Peril Insured Against.

SECTION I – CONDITIONS

The following paragraph is added to Paragraph A. **Insurable Interest and Limit of Liability:**

POLICY A LIQUIDATED DEMAND

A fire insurance policy, in case of a total loss by fire of property insured, shall be held and considered to be a liquidated demand against the company for the full amount of such policy. This provision only applies to Coverage A.

B. Duties After Loss is replaced by the following:

B. Duties After Loss

1. Your Duties After Loss

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

- a. Give prompt notice to us or our agent;
- b. Notify the police in case of a loss by theft;
- c. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in E.6. Credit Card, Electronic Fund Transfer Card or Access Device, Forgery and Counterfeit Money Coverage under Section I – Property Coverages;
- d. Protect the property from further damage. If repairs to the property are required, you must
 - (1) Make reasonable repairs and necessary repairs to protect the property; and
 - (2) Keep an accurate record of repair expenses;
- e. Cooperate with us in the investigation of a claim;
- f. Prepare an inventory of damaged personal property showing the quantity, description, age, actual cash value and amount of loss. Attach all bills, receipts and related documents that establish ownership of the damaged personal property and justify the figures in the inventory;
- g. As often as we reasonably require:
 - (1) Show the damaged property;
 - (2) Provide us with records and documents we request and permit us to make copies;

- (3) Submit to examination under oath, while not in the presence of another "insured", and sign the same; and
- (4) Submit to a recorded statement;
- h. Send to us, within 91 days after our request, your signed, sworn proof of loss on a standard form supplied by us. We must request a signed, sworn proof of loss within 15 days after we receive your written notice, or we waive our right to require a proof of loss. Such waiver will not waive our other rights under this policy.
 - (1) This proof of loss shall set forth, to the best of your knowledge and belief:
 - (a) The time and cause of loss;
 - (b) The interests of all "insureds" and all others in the property involved and all liens on the property;
 - (c) Other insurance which may cover the loss;
 - (d) Changes in the title or occupancy of the property during the term of the policy;
 - (e) Specifications of the damaged buildings and detailed repair estimates;
 - (f) The inventory of damaged personal property described in **B.1.e.** above;
 - (g) Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - (h) Evidence of affidavit that supports a claim under **E.6.** Credit card, electronic fund transfer card or Access Device, Forgery and counterfeit Money under Section I – Property Coverages, stating the amount and cause of loss.
 - (2) If you elect to make claim under the Replacement Cost Coverage of this policy, this proof of loss shall also

state, to the best of your knowledge and belief:

- (a) The replacement cost of the described dwelling;
- (b) The replacement cost of any other building on which loss is claimed; or
- (c) The full cost of repair or replacement of loss without deduction for depreciation.

2. Our Duties After Loss

- a. No later than 15 days after we receive you written notice of claim, we must
 - (1) Acknowledge receipt of the claim; If our acknowledgment of the claim is not in writing we will keep a record of the date, means and content of our acknowledgment;
 - (2) Begin any investigation of the claim;
 - (3) Specify the information you must provide in accordance with Paragraph **B.1.** Your Duties After Loss above; We may request more information, if during the investigation of the claim such additional information is necessary.
- b. After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied or whether more information is needed:
 - (1) Within 15 "business days", or
 - (2) Within 30 days if we have reason to believe the loss resulted from arson;
- c. If we do not approve payment of your claim or require more time for processing your claim, we must:
 - (1) Give the reason for denying your claim; or
 - (2) Give the reason(s) we require more time to process your claim. But we must either approve or deny your claim within 45 days after requesting more time.

Under **C. Loss Settlement**, item **1.** Is replaced by the following:

- 1. Property of the following types:

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

The following items are added to **C. Loss Settlement:**

- 3. Jewelry at replacement cost at the time of loss without deduction for depreciation.
- 4. Upon receipt of a signed contract and proof of the incurred expense, we will pay for "Overhead and Profit" up to the covered repairs. This coverage does not increase the limit of liability shown on the declaration page for Coverages **A** and **B**.

D. Loss To a Pair or Set is replaced by the following:

D. Loss To a Pair or Set

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

G. Suit Against Us is replaced by the following:

G. Suit Against Us

No suit or action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy. Action brought against us must be started within two years and one day after the cause of action accrues.

I. Loss Payment is replaced by the following:

I. Loss Payment

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

If we notify you that we will pay your claim, or part of your claim, we must pay within 5 "business days" after we notify you. If payment of

your claim or part of your claim requires the performance of an act by you, we must pay within 5 "business days" after the date you perform the act.

K. Mortgage Clause is replaced by the following:

K. Mortgage Clause (Without Contribution)

- 1. We will pay for any covered loss of or damage to buildings or structures to the mortgagee shown on the declarations page as interests appear;
- 2. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building structure;
- 3. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgagee has the right to receive loss payment if the mortgagee:
 - a. At our request, pays any premium due under this policy, if you have failed to do so;
 - b. Submits a signed, sworn statement of loss within 91 days after receiving notice from us of your failure to do so;
 - c. Has notified us of any changes in ownership, occupancy or substantial changes in risk known to the mortgagee.
 All of the terms of this policy will then apply directly to the mortgagee. Failure of the mortgagee to comply with **3.a., 3.b., or 3.c.** above shall void this policy as to the interest of the mortgagee.
- 4. If we pay the mortgagee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - a. The mortgagee's rights under the mortgage will be transferred to us to the extent of the amount we pay.
 - b. The mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.

At our option, we may pay the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us

and you will pay your remaining mortgage debt to us.

5. If this policy is cancelled, we will give the mortgagee specifically named on the declarations page written notice of cancellation. 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. The date of cancellation cannot be before the 10th day after the date we mail the notice. We will not give notice of cancellation to any successor or assignee of the mortgagee named in the policy.

6. If the property described under Coverage A – Dwelling or Coverage B – Other Structures is foreclosed upon under the deed of trust, the mortgagee may cancel this policy of insurance and will be entitled to any unearned premium 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.

7. If we elect not to renew this policy, the mortgagee specifically named on the declarations page will be given 30 days written notice of the nonrenewal.

The following Conditions are added:

RESIDENTIAL COMMUNITY PROPERTY CLAUSE

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

CATASTROPHE CLAIMS

If a claim results from a weather related catastrophe or a major natural disaster, each claim handling deadline shown in **B. Duties After Loss**

and **I. Loss Payment** is extended for an additional 15 days.

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

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

SECTION II – EXCLUSIONS

E. Coverage E – Personal Liability and Coverage F – Medical Payments to Others, Coverages E and F do not apply to the following:

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

1. Expected or Intended Injury

“Bodily injury” or “property damage” which is expected or intended by the “insured”.

However, this Exclusion **B.1.** does not apply to “bodily injury” resulting from the use of reasonable force by the “insured” to protect persons or property;

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

6. Communicable Disease

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

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

7. Sexual Molestation, Corporal Punishment or Physical or Mental Abuse

“Bodily injury” or “property damage” arising out of actual or alleged sexual molestation or harassment, corporal punishment or physical or mental abuse;

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

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

8. Controlled Substance

“Bodily injury” or “property damage” arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a

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

Under E. Coverage E – Personal Liability and Coverage F – Medical Payments to Others, the following items are added:

9. Trampolines

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

10. Animals

“Bodily injury” or “property damage” caused by any animal owned or kept by you or any insured whether or not the injury or damage occurs on your premises or any other location;

11. Diving Boards or Slides

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

SECTION II – CONDITIONS

Under D. Duties of an Injured Person – Coverage F – Medical Payments to Others, the following is added under item 1.:

- c. At our request, submit to a recorded statement.

SECTIONS I AND II – CONDITIONS

C. Cancellation is replaced by the following:

C. Cancellation

1. You may cancel this policy at any time by notifying us of the date cancellation is to take effect. We will send you any refund due when the policy is returned to us.
2. We may cancel this policy at any time for the reasons stated in this condition by mailing you notice in writing of the date cancellation takes effect.

a. If this policy has been in effect for less than 60 days and is not a renewal policy, we may not cancel this policy unless:

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

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

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

The effective date of cancellation cannot be before:

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

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

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

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

- 3. If we cancel, our notice to you will state that this refund is not included with the notice, it will be returned on demand.
- 4. We may not cancel this policy solely because you are an elected official

D. Nonrenewal is replaced by the following:

D. Refusal to Renew

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

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

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

- 4. If we refuse to renew this policy, we must deliver to you, or mail to you at your mailing address shown on the declarations page and any mortgage named on the declarations

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

The following Condition is added:

H. Our Right to Recover Payment

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

All other provision of this policy apply.