

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

SPECIAL PROVISIONS FOR TEXAS DWELLING POLICY
(For Use with Texas Dwelling Policy - Form 3)

Under **COVERAGES**

COVERAGE A (DWELLING)

4. Is deleted and replaced by the following:
4. maintenance equipment, floor coverings, window shades, refrigerators, stoves, ovens, dishwashers, clothes washers and clothes dryers that you own as a landlord, located on the described location.

Under **PERILS INSURED AGAINST**

9. Is deleted and replaced by the following:

9. **Sudden and Accidental Discharge, Leakage, Overflow or Release of Water or Steam**

Sudden and accidental discharge, leakage, overflow or release of water or steam from within any portion of a plumbing system that is above the surface of the ground, or from within any portion of a heating or air conditioning system that is above the surface of the ground, or from within a household appliance.

A loss resulting from this peril includes the cost of tearing out and replacing that part of the dwelling structure, excluding the slab or foundation, necessary to repair or replace the system or appliance. But this does not include loss to the system or appliance from which the water or steam escaped.

We do not cover discharge, leakage, overflow or release of water or steam: (1) from within any portion of a plumbing system that is either below the surface of the ground or is within or below the slab or foundation; or (2) from within any portion of a heating or air conditioning system that is either below the surface of the ground or is within or below the slab or foundation; or (3) from within any system or appliance as a direct or indirect result of flood, surface water, waves, storm surge, tides, tidal water, tidal waves, overflow of a body of water, or spray from any of these, whether or not driven by wind.

We do not cover loss caused by constant, repeated or intermittent discharge, seepage, leakage, overflow or release of water or steam.

For all losses caused by or resulting from this peril, our limit of liability will not exceed \$10,000 for the sum of all occurrences during the policy period. This limit of liability is the most we will pay for all losses, combined, under **Coverage A (Dwelling)**, **Coverage B (Personal Property)**, Extensions of Coverage and this Amendatory Endorsement, regardless of any other limits of liability. This is not additional insurance and does not increase any other limit of liability.

Under **GENERAL EXCLUSIONS**

Item 1, exclusion g. is deleted and replaced by the following:

- g. We do not cover loss caused by:
- (1) wear and tear, marring, deterioration or any quality in property that causes it to damage or destroy itself
 - (2) rust or rot
 - (3) dampness of atmosphere or extremes of temperature
 - (4) contamination
 - (5) rats, mice, termites, moths, other insects or vermin

We do cover ensuing loss caused by collapse of building or any part of the building, water damage or breakage of glass

which is part of the building if the loss would otherwise be covered under this policy.

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Item 1., exclusion i. is deleted and replaced by the following:

- i. We do not cover loss under Coverage A (Dwelling) caused by or consisting of settling, cracking, bulging, shrinkage, or expansion of the foundation, floor slab, footings that support the foundation, walls, floors, ceilings, roof structures, walks, drives, curbs, fences, retaining walls or swimming pools, **however caused**, except as provided below.

We do cover loss under Coverage A (Dwelling) that is the result of settling, cracking, bulging, shrinkage, or expansion of the foundation, floor slab or footings that support the dwelling **if caused by the leakage of water or steam from within a plumbing, heating, air conditioning, or automatic fire protection sprinkler system.**

The coverage we provide under this peril includes the cost of tearing out and replacing any part of the building necessary to repair the system from which the water or steam escaped.

We do not cover loss to the system from which the water or steam escaped.

Our total limit of liability for all losses caused by this peril is \$5,000, regardless of the number of losses that occur during the policy period. Each payment for a loss for this peril will reduce this limit of liability by the amount of each payment for the remainder of the policy period.

Item 1., exclusion j. is deleted and replaced by the following:

- j. We do not cover loss caused by or resulting from flood, surface water, waves, overflow of streams or other bodies of water or spray from any of these whether or not driven by wind. We do not insure for such loss regardless of the cause of flood, surface water, waves, overflow of streams or other bodies of water.

Item 1., exclusion l is deleted and replaced by the following:

- l. We do not cover loss caused directly or indirectly by earthquake, landslide, earth movement, subsidence or earth sinking, or the rising, shifting, expansion, contraction, settling or movement of surface or subsurface soils.

Item 1., exclusion m. is deleted and replaced by the following:

- m. We do not cover loss consisting of, resulting from, arising out of or in any way caused by mold, fungi, wet rot, dry rot or other microbes.

We also do not cover:

- a. any loss of use or delay in rebuilding, repairing or replacing covered property, including any associated cost or expense, due to interference at the **residence premises** or location of the rebuilding, repair or replacement, by mold, fungi, wet rot, dry rot or other microbes;
- b. any remediation of mold, fungi, wet rot, dry rot, or other microbes including the cost to remove the mold, fungi, wet rot, dry rot or other microbes from covered property or to repair, restore or replace that property or tear out and replace any part of the building or other property as needed to gain access to the mold, fungi, wet rot, dry rot or other microbes; or
- c. the cost of any testing or monitoring of air to confirm the type, absence, presence or level of mold, fungi, wet rot, dry rot or other microbes whether performed prior to, during or after removal, repair, restoration or replacement of the covered property.

This exclusion applies unless the mold, fungi, wet rot, dry rot, or other microbes are located upon the portion of the covered property which must be repaired or replaced because of direct, visible damage resulting from a loss covered by

this policy. When this occurs, we will pay only for the cost of repairing or replacing the covered property.

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Item 1, exclusion n. is added:

- n. We do not cover loss caused by water which backs up through sewers or drains or which overflows from a sump, sump pump or related equipment, however caused.

Item 1, exclusion o. is added:

- o. We do not cover loss consisting of, caused by, contributed to or aggravated by, or resulting from inadequate or defective planning, zoning, development, surveying, siting, design, specifications, workmanship, construction, grading, compaction, maintenance, repairs, or materials whether used in construction, remodeling, maintenance or repair of part or all of any property (including land, structures or any improvements) whether on or off the **insured location**. However, any loss that ensues that is not otherwise excluded is covered.

Item 1, exclusions p., q., r., and s. are added:

- p. We do not cover loss caused by constant or repeated seepage or leakage of water or steam over a period of 14 or more days from within a plumbing, heating, air conditioning or automatic fire protection sprinkler system or from within a household appliance. Seepage or leakage from within or around any shower stall, shower tub or bathtub installation is also excluded.
- q. We do not cover 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, subject to the following exception:

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:

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

If we pay a claim pursuant to the above exception, 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.

- r. We do not cover loss or damage caused by or resulting from asbestos or asbestos-containing materials. We do cover sudden and accidental, direct physical loss caused by a Peril Insured Against to covered property containing asbestos or asbestos-containing materials; however, we do not cover the additional cost or expense to test for, monitor, clean up, remove, contain, treat, abate or assess the effects of asbestos-containing materials or asbestos on or in any materials or in the air.
- s. We do not cover loss caused by falling objects to the interior of the dwelling unless the roof or an outside wall of the dwelling is first damaged by the falling object.

Under **CONDITIONS**

5. a. **Your Duties After Loss, subpart (1), subpart (2) and subpart (5) (c)** are deleted and replaced by the following:

5. a. **Your Duties After Loss**

- (1) You must file a claim with us not later than one year after the date of the loss that is the subject of the claim unless you show good cause for not filing the claim within this time period, subject to the following conditions:

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- (a) For the purpose of this provision, good cause means: objective facts beyond your control that reasonably caused you to fail to file a claim under the policy within the one-year claim-filing deadline;
- (b) If good cause is shown:
 - (i.) We may extend the one-year claim-filing period. An extension granted is effective on the date the one-year claim-filing period expires and may not exceed 60 days. The extension is limited to the claim for which it is granted; and
 - (ii.) The deadline to file a claim with us is not later than one year and 60 days after the date of the loss that is the subject of the claim; and
- (c) A request for an extension must:
 - (i.) Be submitted to us in writing;
 - (ii.) Describe the good cause that caused you to miss the one-year claim-filing deadline; and
 - (iii.) Be signed by you or your legal representative.

(2) Notify the police in case of a loss by theft, vandalism, malicious mischief or violation of law.

- (5) (c) Submit to examination under oath, while not in the presence of another insured, and sign the same. Your representatives, including a public adjuster engaged or retained by you or on your behalf or for your benefit at any time, must each submit to recorded statements and examinations under oath while not in the presence of any other insured, and sign the same. If the insured is a minor, a parent or guardian may be present during the examination.

9. **Appraisal** is deleted and replaced by the following:

9. **Appraisal.**

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a **qualified** appraiser and notify the other of the appraiser's identity within 15 days after receiving a written request from the other. The two appraisers will choose a **qualified** umpire. If they cannot agree upon an umpire within 15 days after notification of selection of the second appraiser, or if a party does not identify an appraiser, you or we may request that a **qualified** umpire be chosen by a district judge of a court of record in the state where the loss occurred. The appraisers or parties may agree to delay selection of an umpire until the appraisers have first attempted to reach agreement on the amount of the loss.

The two appraisers will separately set the amount of loss, stating separately the actual cash value and loss to each item. If you or we request that they do so, the appraisal will also determine the amount of loss for any applicable extensions of coverage. If the appraisers fail to agree, they will submit their differences to the umpire. An itemized decision agreed to by any two of these three and filed with us will set the amount of loss. Such award shall be binding on you and us.

The following conditions apply to appraisal:

- a. The term "**qualified**" means competent, impartial, and disinterested appraiser or umpire. The umpire, appraisers, and their employers, may not have an interest in the property that is the subject of the claim or have a financial interest that is conditioned on the outcome of the appraisal or the claim. The umpire may not have made or received substantial referrals of business to or from you or us, or representatives of you or us. The umpire and appraisers must be one of the following and be licensed or certified as required by the applicable jurisdiction:
 - (1) an engineer, architect, adjuster, or public adjuster with experience and training in investigation, estimating, and repair of the type of property damage in dispute;
 - (2) an attorney mediator or former state judge with experience or training in the mediation, arbitration or trial of legal actions over investigation, estimating and repair of the type of property damage in dispute; or
 - (3) have experience and training in building construction, repair, estimating, or investigation of the type of property damage in dispute.

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- b. By accepting appointment, the appraisers and umpire agree that if requested by you or us, they will:
 - (1) within 7 days after a request, disclose to you and us his or her qualifications, fee agreement, and any known facts which a reasonable person may consider to affect the appraiser's or umpire's independence, neutrality, or impartiality;
 - (2) review any estimates, repair records, written statements, expert opinions, photos, and other pertinent information that you or we provide to the appraisers, umpire and each other; and
 - (3) personally inspect the property.
- c. Each party will pay its own appraiser and bear the other expense of the appraisal and umpire equally. Any fees for expert witnesses or attorneys will be paid by the party who hires them.
- d. Each party must be given at least 3 business days' advance written notice of the date, time, location and identity of any judge who will be asked to choose an umpire. If such notice is not given, a judge's selection of an umpire at the request of one party who has not given such notice to the other party as described in this paragraph shall invalidate that selection and require selection of a new umpire either by agreement or by another judge after advance written notice as described in this paragraph.
- e. You, we, and each of our representatives shall cooperate with the appraisal process, provide the appraisers and umpire with existing repair bids, estimates, invoices, receipts, expense records, inventories, and photos which are reasonably requested, and allow the appraisers and umpire reasonable and timely access to inspect the damaged property.
- f. Neither party waives the right to an appraisal if the request for appraisal is made within 90 days after an impasse is reached or a suit is filed over the amount of loss, whichever is later.
- g. The appraisers and umpire are not authorized to determine coverage, exclusions, conditions, forfeiture provisions, conditions precedent, or any other contractual issues that may exist between you and us, and the appraisal decision is not binding on these issues.

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

- 13. **Suit Against Us.** No suit or action can be brought unless the policy provisions have been complied with. Suit or action brought against us must be started by the earlier of:
 - a. two years and one day from the date the claim is accepted or rejected by us; or
 - b. three years and one day from the date of the loss that is the subject of the claim.

Before you file or proceed with a suit or action against us concerning the amount of a loss payment:

- a. You must provide us with written notice of your dispute, and a copy of all existing repair bids, estimates, invoices, receipts, expense records, inventories, and photos that relate to the dispute;
- b. You must make a written demand to us for appraisal of the amount of loss under Conditions, part 9; and
- c. The appraisal must be completed as required by Conditions, part 9.

These conditions precedent to suit or action may be waived only by a written agreement signed by you and us. If suit is filed prior to compliance with these conditions precedent, the parties agree to abatement of the lawsuit until these conditions precedent are fulfilled.

17. **Vacancy.** Is deleted and replaced by the following:

- 17. **Vacancy.** During the policy term, if an insured building is vacant for 60 consecutive days immediately before a loss, we will not be liable for a loss by the perils of Fire and Lightning, Vandalism or Malicious Mischief, Theft, Sudden and Accidental Discharge, Leakage, Overflow or Release of Water or Steam and Breakage of Glass, if the policy to which this endorsement is attached provides coverage for any or all of these perils.

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When the described location includes multiple dwelling units, and if a dwelling unit is vacant for 60 consecutive days, we will not be liable for a loss to that unit by the perils of Vandalism or Malicious Mischief, Theft, Sudden and Accidental Discharge, Leakage, Overflow or Release of Water or Steam and Breakage of Glass.

The dwelling will be considered "vacant" if:

- a. the **insured** or a tenant moves from the dwelling and a substantial part of the personal property is removed from that dwelling; or
- b. The dwelling is unoccupied by the **insured** or a tenant; or
- c. The dwelling lacks the necessary amenities, adequate furnishings or utilities and services to permit occupancy of the dwelling as a residence.

20. **Mortgage Clause, subpart d. (3)** is deleted and replaced by the following:

- d. (3) has, within 30 days, notified us of any change in ownership, occupancy, or substantial change in risk known to the mortgagee.