

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SPECIAL PROVISIONS FOR TEXAS  
(ATTACHED TO HOMEOWNERS FORM B)**

**DEFINITIONS**

The following definitions are added:

10. **"Personal watercraft"** means watercraft designed to carry one to three people, propelled by engine power, and capable of speeds greater than 25 MPH. Personal watercraft include but are not limited to watercraft often referred to as jet skis, wave runners and similar watercraft.
11. **"Unmanned aircraft"** means a device flown by a ground control system or through the use of an on-board computer and not designed, manufactured, or modified after manufacture, to be controlled directly by a person from on or within the device. "Unmanned aircraft" includes communication links and any additional equipment necessary for the device to operate safely.

**SECTION I - PERILS INSURED AGAINST**

**COVERAGE A (DWELLING) AND COVERAGE B (PERSONAL PROPERTY)**

The following items are added:

**Dwelling foundation coverage.** We insure direct physical loss to property described in **COVERAGE A (DWELLING)** and **COVERAGE B (PERSONAL PROPERTY)** that is the result of settling, cracking, shrinking, bulging, or expansion of the foundation, floor slab or footings that support the dwelling **but only 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.

We do not cover loss, or leakage of water or steam from within a plumbing, heating, air conditioning, or automatic fire protection sprinkler system, that is directly or indirectly caused by or resulting from 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.

Our total limit of liability for all losses caused by this peril is 15% of the **Coverage A (Dwelling)** limit of liability or \$25,000, whichever is less. This limit is 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 **Section I - Property Coverage, Coverage A (Dwelling), Coverage B (Personal Property)**, and Extension of Coverage. This is the most that we will pay regardless of any other limits of liability. This is not additional insurance and does not increase any other limit of liability.

**Special Limits of Liability:**

For any loss covered under **Section I** caused by or resulting from water or water borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump, or related equipment, our limit of liability will not exceed \$5,000 for the sum of all occurrences during the duration of the policy. This limit of liability is the most we will pay for all losses, combined, under **Section I - Property Coverage, Coverage A (Dwelling), Coverage B (Personal Property)**, and Extensions of Coverage. This is the most that we will pay regardless of any other limits of liability. This is not additional insurance and does not increase any other limit of liability.

We do not cover loss caused by water or water borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment 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.

For any loss covered under **Section I** caused by or resulting from water or water borne material which backs

up through sewers or drains or which overflows or is discharged from a sump, sump pump or related

equipment, we will pay only that part of each loss which exceeds \$250, and no other deductible applies to such loss.

#### **COVERAGE B (PERSONAL PROPERTY)**

#### **PROPERTY NOT COVERED**

Item 3 is deleted and replaced by the following:

3. motor or engine propelled vehicles or machines designed for movement on land, including attached machinery or equipment.

However, we do cover such vehicles which are not subject to motor vehicle registration and are:

- a. devices and equipment for assisting the handicapped.
- b. power mowers.
- c. golf carts.
- d. farm equipment not designed for use principally on public roads.

#### **SPECIAL LIMITS OF LIABILITY**

The **Special Limits of Liability** section is deleted and replaced by:

These limits do not increase the **Coverage B (Personal Property)** limit of liability. The special limit for each numbered category below is the total limit for each loss for all property in that category.

1. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
2. \$1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.  

This limit includes the cost to research, replace or restore the information from the lost or damaged material.
3. \$1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
4. \$1,500 on trailers or semitrailers not used with watercraft of all types.
5. \$1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
6. \$2,500 for loss by theft of firearms and related equipment.
7. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
8. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.
9. \$500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories 10 and 11 below.
10. \$1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources. Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category 10.



11. \$1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources. Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category 11.
12. \$2,000 for any individual rug with a maximum total limit of 5% of the **Coverage B** limit for all rugs.
13. \$5,000 on personal computers (including tablets, desktops and laptops) and related peripherals such as disk drives, printers, and commercial software caused directly or indirectly by theft or vandalism. We will not pay for other software or lost data.
14. 5% of the total **Coverage B** amount for any one item of unscheduled personal property.
15. \$500 on all collections including but not limited to coins and other numismatic items, stamps and other philatelic items, comic books, baseball cards, album covers, political memorabilia, dolls, toys, and any other memorabilia or collectible. This limit applies regardless of the number of collections or collectibles.
16. \$2,000 for any individual work of art or antique with a maximum total limit of 5% of the **Coverage B** limit for all works of art and antiques.
17. \$1,000 for bicycles and related equipment.
18. \$5,000 for any individual item or set of electronic equipment caused directly or indirectly by theft or vandalism with a maximum total limit of 10% of the **Coverage B** limit for all electronic equipment. Electronic equipment includes, but is not limited to:
  - a. Televisions, audio, video and other electronic media playing and/or recording devices.
  - b. Audio and video media storage devices such as DVDs, records, CDs and tapes.
  - c. Cameras, projectors and related equipment.
  - d. Gaming systems including their games and accessories.
19. \$5,000 for loss to tools.
20. \$1,000 for unmanned aircraft.

#### SECTION I - EXCLUSIONS

Under Item 1. c. the following is added:

- (4) solar water heating systems including solar panel, pipes supplying and returning water to solar panel, and equipment or devices controlling solar water heating systems.

Under Item 1, exclusions f., h., i., k. and l. are deleted and replaced by the following:

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

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.

- h. We do not cover loss under **Coverage A (Dwelling)** or **Coverage B (Personal Property)** caused by settling, cracking, bulging, shrinkage, or expansion of foundations, walls, floors, ceilings, roof structures, walks, drives, curbs, fences, retaining walls or swimming pools, however caused, except as provided in **Dwelling foundation coverage**.
- i. 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. We do cover an ensuing loss by theft or attempted theft or any act of stealing.
- k. 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.
- l. 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:

- (1) 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 re-building, repair or replacement, by mold, fungi, wet rot, dry rot, or other microbes.
- (2) 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 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
- (3) 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.

Under Item 1, the following exclusions are added:

- m. 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.
- n. We do not cover 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, 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:

- 1. Filed a police report; and

2. 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.

- o. We do not cover any loss arising out of any act a tenant commits or conspires to commit with the intent to cause a loss if the residence premises is rented or held for rent to others at the time of loss.
- p. We do not cover any 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.
- q. We do not cover:
- 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
- (1) Direct loss caused by fire or explosion; or
  - (2) Total loss caused by a Peril Insured Against.
- r. We do not cover any loss due to diminished value of any property covered under this policy.
- This exclusion does not apply to:
- (1) Direct loss caused by fire or explosion; or
  - (2) Coverage provided as Extension of Coverage as **5. Property Removed**.
- 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.

## SECTION I - CONDITIONS

Item 3.a. **Your Duties After Loss, subpart (1), subpart (2) and subpart (5) (c)** are deleted and replaced by the following:

### 3.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:
- (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 any 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.

Item 4.a. **Loss Settlement** is deleted and replaced by the following:

- a. Our limit of liability and payment for covered losses to personal property, wall to wall carpeting, cloth awnings, fences and aluminum framed screened enclosures, aluminum framed carports and aluminum sheds.

Item 7. **Appraisal** is deleted and replaced by the following:

#### 7. **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. Both appraisers separately stating 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.
- 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.

Item 11. **Suit Against Us** is deleted and replaced by the following:

11. **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 **Section I - Conditions**, part 7; and
- c. The appraisal must be completed as required by **Section I - Conditions**, part 7.

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.

Item 13. **Vacancy** is deleted and replaced by the following:

13. **Vacancy.** Coverage that applies under **Coverage A (Dwelling)** and under **Coverage B (Personal Property)** will be suspended effective 30 days after the dwelling becomes **vacant**. This coverage will remain suspended during such vacancy.

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.



Item 14. **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.

## SECTION II - EXCLUSIONS

**Under 1. Coverage C (Personal Liability) and Coverage D (Medical Payments to Others)**, items b. and g., are deleted and replaced by the following:

- b. **bodily injury** or **property damage** arising out of or in connection with a **business** engaged in by an **insured**. But this exclusion does not apply to activities which are ordinarily incidental to non-business pursuits. There is **no coverage for a home day care business**. If an **insured** regularly provides home day care services to a person or persons other than **insureds** and receives monetary compensation for such services, that enterprise is a **business**. Mutual exchange of home day care services however is not considered compensation. The rendering of home day care services by an **insured** to a relative of an **insured** is not considered a **business**. Therefore, with respect to a home day care enterprise which is considered to be a **business**, this policy does not provide coverage, because a **business** is excluded under this Exclusion.
- g. **bodily injury** or **property damage** arising out of:
- (1) The ownership, maintenance, use, loading or unloading of an excluded watercraft as defined below;
  - (2) The entrustment by an **insured** of an excluded watercraft described below to any person; or
  - (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an excluded watercraft described below.

Excluded watercraft are those that are principally designed to be propelled by engine power or electric motor including **personal watercraft**, or are sailing vessels, whether owned or rented to an **insured**. This exclusion does not apply to watercraft.

- (1) That are not **personal watercraft** or sailing vessels and are powered by:
  - (a) Inboard or inboard-outdrive engine or motor power of 50 horsepower or less not owned by an **insured**;
  - (b) Inboard or inboard-outdrive engine or motor power of more than 50 horsepower not owned by or rented to an **insured**;
  - (c) One or more outboard engines or motors with 25 total horsepower or less;
  - (d) One or more outboard engines or motors with more than 25 total horsepower if the outboard engine or motor is not owned by an **insured**;
- (2) That are sailing vessels, with or without auxiliary power
  - (e) Less than 26 feet in overall length.
  - (f) 26 feet or more in overall length, not owned by or rented to an **insured**.
- (3) That are stored on the **residence premises**.

## SECTION II - EXCLUSIONS

**Under 1. Coverage C (Personal Liability) and Coverage D (Medical Payments to Others)**, the following items are added:

- m. **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 intention to cause harm.
- n. **bodily injury** or **property damage** arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) 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.

- o. **bodily injury** or **property damage** arising out of the actual or alleged ingestion, inhalation, absorption, or exposure in any way to toxic mold spores. We shall not defend or indemnify for any loss, demand, suit, or order, including any claim or suit by or on behalf of a government authority or agency relating to testing, monitoring, cleaning up, removing, containing, treating, detoxifying, abating, neutralizing, or in any way responding to, or assessing the effects of toxic mold.
- p. **bodily injury** or **property damage** arising out of the ownership or use of a trampoline owned by, rented by or loaned to an **insured**, whether on the **residence premises** or elsewhere.
- q. **bodily injury** or **property damage** caused by:
  - (1) prohibited breeds of dogs owned by you or in your care. Prohibited breeds of dogs include any breed or mix of Pit Bulls, American Bulls, German Shepherds, Akitas, Doberman Pinschers, Chows, and Rottweilers; or,
  - (2) any dog with a prior history of biting causing **bodily injury**.
- r. **bodily injury** or **property damage** arising out of ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and loading or unloading.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of other by the insured, if the "occurrence" which caused the loss involved the ownership, maintenance, use or entrustment to others of any aircraft that is "unmanned aircraft"

## SECTION II - CONDITIONS

Under 1. **Limit of Liability** the following is added:

**Special Limits of Liability** apply to **bodily injury** and **property damage** caused by any animal or animals otherwise covered by **SECTION II - LIABILITY COVERAGE**.

**Special limits of liability that apply to animals provided by this endorsement are as follows:**

**COVERAGE C - Personal Liability:** \$25,000

**COVERAGE D - Medical Payments:** \$500

The special limits of liability shown above are the same regardless of the number of: **insureds**, claims made, occurrences, persons injured, or animals.

**Under 4. Duties of an Injured Person - Coverage D (Medical Payments to Others)**, the following is added:

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

## SECTION I AND II - CONDITIONS

The following condition is added:

### 10. **Our Right to Recover Payment.**

- a. If we make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:
  - (1) whatever is necessary to enable us to exercise our rights; and
  - (2) nothing after loss to prejudice them.



- b. 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:
  - (1) hold in trust for us the proceeds of the recovery; and
  - (2) reimburse us to the extent of our payment.