

QUICK REFERENCE TEXAS DWELLING POLICY – FORM 1

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YOUR DUTIES AFTER A LOSS

1. Protect the property from further damage.
2. Give prompt written notice to the company.
3. Call the police if a law has been broken.
4. Make a list of all damaged personal property, including costs.
5. If requested, obtain proof of loss form from your agent or the company and submit within 91 days of the request.

**Prescribed by the Texas Department of Insurance
Texas Dwelling Policy Form 1 – Effective January 1, 2002**

TEXAS DWELLING POLICY – FORM 1

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

In this policy:

A. "You" and "your" refer to the "named insured" shown in the declarations and the spouse if a resident of the same household.

B. "We", "us" and "our" refer to the company providing this insurance.

C. "Business day" means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.

COVERAGES

This insurance applies to the described location and coverages for which a limit of liability is shown.

COVERAGE A (DWELLING)

We cover:

1. the dwelling on the described location shown in the declarations, used principally for dwelling purposes, including structures attached to the dwelling.
2. materials and supplies located on or next to the described location used to construct, alter or repair the dwelling or other structures on the described location.
3. if not otherwise covered in this policy, building equipment and outdoor equipment used for the service of and located on the described location.
4. maintenance equipment, floor coverings, window shades, refrigerators and stoves that you own as a landlord, located on the described location.
5. other structures on the described location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection.

The total limit of liability for other structures is 10% of the Coverage A (Dwelling) limit of liability. This is additional insurance and does not reduce the Coverage A (Dwelling) limit of liability.

We do not cover other structures used for commercial, manufacturing or farming purposes.

COVERAGE B (PERSONAL PROPERTY)

We cover personal property and business personal property owned or used by you or members of your family residing with you while it is on the described location. At your request, we will cover personal property owned by a guest or residence employee while the property is on the described location.

You may use up to 10% of the Coverage B (Personal Property) limit of liability for loss by a **Peril Insured Against** to personal property covered under Coverage B (Personal Property) while anywhere in the world. This coverage does not apply to business personal property or

This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

At your request, you may use up to 10% of the Coverage B (Personal Property) limit of liability for loss by a **Peril Insured Against** to property of others while in your custody and located on the described location. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

Property Not Covered. We do not cover:

1. animals.
2. money, currency or bullion.
3. securities, deeds, or evidences of debt.
4. records, books of records or manuscripts.
5. 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. vehicles or machines used for recreational purposes while located on the described location.
 - e. farm equipment not designed for use principally on public roads.
6. aircraft, meaning any device used or designed for flight.

We do cover model or hobby aircraft not used or designed to carry people or cargo.
7. watercraft, including outboard motors and furnishings or equipment.

We do cover watercraft, including outboard motors and furnishings or equipment, while located on land on the described location.

property of guests or residence employees.

EXTENSIONS OF COVERAGE:

1. **Debris Removal.** We will pay your expense for the removal from the described location of:
 - a. debris of covered property if a **Peril Insured Against** causes the loss.
 - b. a tree that has damaged covered property if a **Peril Insured Against** causes the tree to fall.

This does not increase the limit of liability that applies to the damaged property.

2. **Improvements, Alterations and Additions.** If you are a tenant of the described location, the Coverage B (Personal Property) limit of liability applies to a loss caused by a **Peril Insured Against** to improvements, alterations and additions, made or acquired at your expense, to that part of the described location used only by you.

This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

3. **Reasonable Repairs.** If a **Peril Insured Against** causes the loss, we will pay the reasonable cost you incur for necessary repairs made solely to protect covered property from further damage. This coverage does not increase the limit of liability that applies to the property being repaired.
4. **Property Removed.** We pay for expense and damage incurred in the removal of covered property from the described location endangered by a **Peril Insured Against**. This coverage exists on a pro-rata basis for 30 days at each location to which such property is removed for preservation. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.
5. **Consequential Loss.** We insure property covered by this policy against loss due to utility failure if such failure is a result of physical damage, caused by a **Peril Insured Against**, to power, heating or cooling equipment situated on the premises where the covered property is located.

PERILS INSURED AGAINST

We insure for direct physical loss to the covered property caused by a peril listed below unless the loss is excluded in the General Exclusions.

1. **Fire and Lightning.**

When a premium for sudden and accidental damage from smoke, windstorm, hurricane and hail, explosion, aircraft and vehicles and riot and civil commotion is shown on the declarations, the following perils are made a part of the Perils Insured Against.

2. **Sudden and Accidental Damage from Smoke.**

This peril does not include loss caused by smog or by smoke from industrial or agricultural operations.

3. **Windstorm, Hurricane and Hail.**

- a. Unless specifically insured on the Miscellaneous Property Schedule endorsement, this peril does not include:

- (1) loss to cloth awnings, greenhouses and their contents, buildings or structures located wholly or partially over water and their contents.
- (2) loss to radio and television towers, outside satellite dishes, masts and antennas, including lead-in wiring, wind chargers and windmills.

- b. We do not cover loss caused by windstorm, hurricane, or hail to the inside of a building or personal property contained in a building unless direct force of wind or hail makes an opening in a roof or wall and rain, snow, sand or dust enters through this opening and causes the damage.

4. **Explosion.**

5. **Aircraft and Vehicles.**

This peril does not include loss to outdoor equipment, fences, driveways, walks or retaining walls caused by a vehicle owned or operated by you or an occupant of the described location.

6. **Riot and Civil Commotion.**

When a premium for vandalism and malicious mischief is shown in the declarations, the following peril is made a part of Perils Insured Against.

7. **Vandalism and Malicious Mischief.**

This peril does not include:

- a. loss to glass or safety glazing material constituting a part of the building other than glass building blocks.
- b. loss by pilferage, theft, burglary or larceny, but we will be liable for damage to the building covered caused by burglars.

GENERAL EXCLUSIONS

The following exclusions apply to loss to covered property:

1. We do not cover loss to electrical devices or wiring caused by electricity other than lightning.
2. **Flood.** 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.

3. **Governmental Action.** We do not cover loss caused by the destruction of property by order of governmental authority.

But we do cover loss caused by the acts of destruction ordered by governmental authority taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

4. **War Damage.** We do not cover loss directly or indirectly from war. This includes undeclared war, civil war, insurrection, rebellion, revolution, warlike act by military personnel, destruction or seizure or use for military purpose, and including any consequence of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
5. **Nuclear Damage.** We do not cover loss resulting directly or indirectly from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused. We cover loss by fire resulting from nuclear reaction, radiation or radioactive contamination.
6. **Building Laws.** We do not cover loss caused by or resulting from the enforcement of any ordinance or law regulating the construction, repair or demolition of a building or structure.

(a) Coverage Provided.

You may use up to \$5,000 (at no additional premium) for the increased costs that you incur due to the enforcement of any ordinance or law, which requires or regulates:

- (1) the construction, demolition 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.

You may use all or part of this coverage to pay for the increased costs you incur to remove debris resulting from the construction, repair or replacement of property as stated in (a). above.

This is additional insurance and does not reduce Coverage A (Dwelling) the limit of liability.

(b) Building Ordinance or Law Coverage Limitations.

We will not pay for the increased cost of

- (1) if the building or structure is not rebuilt or repaired;
- (2) if the rebuilt or repaired building or structure is not intended for similar occupancy as the current building or structure;
- (3) until the building or structure is actually repaired or rebuilt at the same premises; or
- (4) unless the rebuilding or repairs are made as soon as reasonably possible after the loss or damage, not to exceed 365 days after loss unless you have requested in writing that this time limit be extended for an additional 180 days.

(c) 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 requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the effects of, pollutants on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

- (d) 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.

All other Terms of the policy apply.

7. **MOLD, FUNGI OR OTHER MICROBES.** We do not cover loss caused by or resulting from mold, fungi or other microbes.

This exclusion does not apply to an ensuing loss caused by fire, smoke, or explosion.

However, we do cover ensuing mold, fungi or other microbial losses caused by or resulting from sudden and accidental discharge, leakage or overflow of water if the sudden and accidental discharge, leakage or overflow of water loss would otherwise be covered under this policy.

Sudden and accidental shall include a physical loss that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date you detect or should

construction:

have detected the loss.

For purposes of this exclusion, ensuing mold, fungi, or other microbial losses covered under this policy include reasonable and necessary repair or replacement of property covered under Coverage A (Dwelling) and/or Coverage B (Personal Property).

We do not cover the cost for remediation, including testing of ensuing mold, fungi or other microbes. We do not cover any increase in expenses for Fair Rental Value (if applicable) and/or Debris Removal due to remediation and testing of ensuing mold, fungi or other microbes.

Remediation means to treat, contain, remove or dispose of mold, fungi or other microbes beyond that which is required to repair or replace the covered property physically damaged by water. Remediation includes any testing to detect, measure or evaluate mold, fungi or other microbes and any decontamination of the dwelling on the described location or property.

DEDUCTIBLE

We will deduct from the amount of the loss or damage to each item of insurance in any one occurrence the deductible amount shown on the declarations page.

The deductible amount applies to loss or damage caused by any peril insured against other than fire or lightning.

CONDITIONS

1. **Policy Period.** This policy applies only to loss which occurs during the policy period.
2. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any loss:
 - a. for an amount greater than the interest of a person insured under this policy; or
 - b. for more than the applicable limit of liability.

Each time there is a loss to any building insured under Coverage A (Dwelling), the amount of insurance applicable to that building for loss by fire will be reduced by the amount of the loss. As repairs are made, the amount of insurance will be reinstated up to the limit of liability shown on the declarations page.

Article 6.13. 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. The provisions of this article shall not apply to personal property.

3. **Concealment and Fraud.** This policy is void as to you, if you have intentionally concealed or misrepresented any material fact or circumstance, made false statements or committed fraud relating to this insurance, whether before or after a loss.
4. **Residential Community Property.** 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.
5. **Duties After Loss.**
 - A. **Your Duties After Loss.** In case of a loss to covered property caused by a **Peril Insured**

- (1) give prompt written notice to us of the facts relating to the claim.
- (2) notify the police in case of loss by theft.
- (3) (a) protect the property from further damage.
- (b) make reasonable and necessary repairs to protect the property.
- (c) keep an accurate record of repair expenses.
- (4) furnish a complete inventory of damaged personal property showing the quantity, description, amount of loss. Attach all bills, receipts and related documents which you have that justify the figures in the inventory.
- (5) as often as we reasonably require:
 - (a) provide us access to the damaged property.
 - (b) provide us with pertinent records and documents we request and permit us to make copies.
 - (c) submit to examination under oath and sign and swear to it.
- (6) send to us, if we request, your signed sworn proof of loss within 91 days of our request on a standard form supplied by us. We must request a signed sworn proof of loss not later than the 15th day 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.
 - a. This proof of loss shall state, to the best of your knowledge and belief:
 - (1) the time and cause of loss;

Against, you must:

- (2) the interest of the **insured** and all others in the property involved including all liens on the property;
- (3) other insurance which may cover the loss; and
- (4) the actual cash value of each item of property and the amount of loss to each item.
- (5) the name of the occupant and the occupancy of the property at the time of the loss.

B. Our Duties After Loss.

- (1) Not later than the 15th day after we receive your written 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 item 6.a. above.

We may request additional information, if during the investigation of the claim such additional information is necessary.

- (2) After we receive the information we request, we must notify you in writing of the status of your claim:

- (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, we must:

- (a) give the reason for denying your claim, or

- (b) give the reasons we require additional time to process your claim. But, we must either approve or deny your claim within 45 days after our request for additional time.

- 6. **Loss Settlement.** Our limit of liability and payment for covered losses will not exceed the smallest of the following:

- a. the actual cash value at the time of loss determined with proper deduction for depreciation;

- b. the cost to repair or replace the damaged property with material of like kind and quality, with proper deduction for depreciation; or

- c. the specified limit of liability of the policy.

- 7. **Salvage Rights.** If we notify you that we will pay your claim or part of your claim, the notice must also state whether we will or will not take all or any part of the damaged property. We must bear the expense of our salvage rights.

- 8. **Appraisal.** If you and we fail to agree on the actual cash value, amount of loss, or cost of repair or replacement, either can make a written demand for appraisal. Each will then select a competent, independent appraiser within 20 days of receipt of the written demand.

The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a district court of a judicial district where the loss occurred. The two appraisers will then set the amount of loss, stating separately the actual cash value and loss to each item.

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 the loss. Such award shall be binding on you and us.

Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally.

- 9. **Other Insurance.** If property covered by this policy is also covered by other insurance, we will pay only the proportion of a loss caused by any **Peril Insured Against** under this policy that the limit of liability applying under this policy bears to the total amount of insurance covering the property. If personal property is insured specifically under any other policy, then this policy applies as excess insurance over the specific insurance.

10. Loss Payment.

- a. If we notify you that we will pay your claim, or part of your claim, we must make payment not later than the 5th business day after we notify you.

- b. If payment of your claim or part of your claim requires the performance of an act by you, we must make payment not later than the 5th business day after the date you perform the act.

- 11. **Catastrophe Claims.** If a claim results from a weather related catastrophe or a major natural disaster, each claim handling deadline shown under the Duties After Loss and Loss Payment provisions 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 State Board of Insurance.

- 12. **Suit Against Us.** No suit or action can be brought unless the policy provisions have been complied with. Action brought against us must be started within two years and one day after the cause of action accrues.

- 13. **Subrogation.** You may waive in writing before a loss, all rights or 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.

14. **Abandonment of Property.** There can be no abandonment of property to us.
15. **No Benefit to Bailee.** We will not recognize any assignment or grant any coverage for the benefit of a person or organization holding, storing or moving property for a fee.
16. **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 or vandalism or malicious mischief. Coverage may be provided by endorsement to this policy.
17. **Liberalization.** If the State Board of Insurance adopts a revision which would broaden or extend the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened or extended coverage will immediately apply to this policy.
18. **Waiver or Change of Policy Provisions.** Changes in this policy may be made and perils insured against added only by attaching a written endorsement properly executed by our authorized agent. No provision of this policy may be waived unless the terms of this policy allow the provision to be waived. Our request for an appraisal or examination will not waive any of our rights.
19. **Mortgage Clause (without contribution).**
 - a. The word "mortgagee" includes trustee.
 - b. 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.
 - c. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building or structure.
 - d. 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:
 - (1) at our request, pays any premiums due under this policy, if you have failed to do so.
 - (2) submits a signed, sworn statement of loss within 91 days after receiving notice from us of your failure to do so.
 - (3) has notified us of any change in ownership, occupancy or substantial change 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 d.(1), d.(2) or d.(3) above shall void this policy as to the interest of the mortgagee.
 - e. If we pay the mortgagee for any loss or damage

because you have failed to comply with the terms of this policy:

- (1) the mortgagee's rights under the mortgage will be transferred to us to the extent of the amount we pay.
- (2) the mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.

At our option, we may pay to 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.

- f. 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 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 effective date of cancellation cannot be before the 10th day after we mail notice.

We will not give notice of cancellation to any successor or assignee of the mortgagee named in this policy.

- g. 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.

- h. If we elect not to renew this policy, the mortgagee specifically named on the declarations page will be given written notice of the non-renewal not later than the 30th day before the date on which this policy expires.

20. Cancellation.

- a. 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.
- b. We may cancel this policy only for the reasons stated in this condition by giving you notice in writing of the date cancellation takes effect.
 - (1) If this policy has been in effect for less than 90 days and is not a renewal policy, we may cancel this policy for any reason.

and deny payment to you because of your acts
or

The effective date of cancellation cannot be before:

- (a) the 10th day after we mail notice if we cancel for non-payment of premium.
- (b) the 30th day after we mail notice if we cancel for any other reason.

(2) If this policy has been in effect 90 days or more, we may not cancel this unless:

- (a) you do not pay the premium or any portion of the premium when due.
- (b) the State Board 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.
- (c) you submit a fraudulent claim.
- (d) there is an increase in 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 will state the reason for cancellation.

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

21. Refusal to Renew.

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

- b. We may not refuse to renew this policy solely because you are an elected official.
- c. 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 d. 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.

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

22. Assignment. Assignment of this policy will not be valid unless we give our written consent.

23. Death. If the named insured dies, we insure:

- a. the named insured's spouse, if a resident of the same household at the time of death.
- b. the legal representative of the deceased only with respect to the described premises of the named insured.