

## TEXAS NOTICE

### IMPORTANT NOTICE

To obtain information or make a complaint:

You may contact your Agent.

You may call Pacific Specialty Insurance Company's toll-free telephone number below for information or to make a complaint:

**1-800-303-5000**

You may also write Pacific Specialty Insurance Company at the administrative address below:

P.O. Box 40  
Anaheim, CA 92815  
Email: [PSIC@mcgrawgroup.com](mailto:PSIC@mcgrawgroup.com)

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

**1-800-252-3439**

You may write the Texas Department of Insurance:

P.O. Box 149104  
Austin, Texas 78714-9104  
FAX: (512) 490-1007  
Web: <http://www.tdi.texas.gov>  
Email: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

### PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent or the Company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

### ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

### AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Pueda comunicarse con su Agente.

Usted puede llamar al numero de telephone gratis de Pacific Specialty Insurance Company para informacion o para someter una queja al:

**1-800-303-5000**

Usted tambien puede escribir a Pacific Specialty:

P.O. Box 40  
Anaheim, CA 92815  
Email: [PSIC@mcgrawgroup.com](mailto:PSIC@mcgrawgroup.com)

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companies, coberturas, derochos o quejas al:

**1-800-252-3439**

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104  
Austin, Texas 78714-9104  
FAX: (512) 490-1007  
Web: <http://www.tdi.texas.gov>  
Email: [ConsumerProtection@tdi.texas.gov](mailto:ConsumerProtection@tdi.texas.gov)

### DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente o la Comania primero. Si no se resuelve la disputa, puede entonces comunicarse con el Departamento de Seguros de Texas.

### UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del document adj unto.

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**Summary**

POLICY NUMBER	YOUR PRODUCER	CONTACT YOUR PRODUCER
<b>AN-X0TXB020004743-00</b>	MCGRAW DIRECT[P40000] P.O. BOX 40 ANAHEIM, CA 92815	0000000000
<b>POLICY PERIOD</b>	Account: <b>000000000058105</b>	
Begins on Mar 02, 2017		
Expires on Mar 02, 2018		
<small>12:01 A.M. Local Time at the address of the Named Insured, but not prior to the time applied for or, if this is a replacement declarations, not prior to the time coverage was requested.</small>		

NAMED INSURED	PACIFIC SPECIALTY CONTACT
Test PCG 12248 Marilee Rd  Celina, TX 75009	Claims: (800) 962 – 1172 Policy Services: (800) 303 – 5000 Pay online at <a href="http://www.pacificspecialty.com">www.pacificspecialty.com</a>

**\*\*\*INSPECTION ADVISORY\*\*\***

An Independent Inspection Company may be conducting a brief exterior inspection of your property. This inspection is a necessary step in our underwriting process. You do not need to be present for the inspection to occur.

Named Insured(s):  
Test PCG

This policy has been endorsed for the following reasons and endorsement date is 2017-03-03

- TX48            Decrease of Loss Assessment– Residence Premises Coverage
- TX60            Removal or Decrease of Water Back-Up and Sump Discharge or Overflow Coverage
- E8                Removal or Decrease of Personal Injury Coverage

**\*\*TOTAL POLICY PREMIUM: \$ 1113**

Property Location								
	Program	Paid By	Year Built	Square Footage	Fire Line Score	Plumbing Year	Roof Type	Construction
12248 Marilee Rd, Celina, TX, 75009, US	HO-6	Direct to the customer (New account)	1999	900	3	1999		Frame



**Policy Declarations**

<b>Section I Deductible(s):</b>	<b>Deductible Amount</b>
Deductible (unless Special Ded. Below)	\$500

<b>Section I Coverages</b>	<b>Limit of Liability</b>	<b>Premium</b>
Coverage A: Dwelling	\$5,000	\$959
Coverage C: Personal Property	\$75000	Included
Coverage D: Loss of Use	\$37500	Included
<b>Section II Coverages</b>	<b>Limit of Liability</b>	<b>Premium</b>
Coverage E: Personal Liability	\$300,000	Included
Coverage F: Medical Payments to Others	\$2,000	Included

If more than one property is insured under this policy, Section I and Section II coverages of each location may not be added together in the event of a loss.

In case of loss under a Section I peril, this policy covers only that part of the loss over the stated deductible.



**Policy Declarations**

<b>Optional Coverages</b>	<b>Limit of Liability</b>	<b>Premium</b>
Limited Fungi, Other Microbes or Rot Remediation	\$10,000	Included
Personal Property Replacement Cost Loss Settlement		Included
Identity Theft Expense and Resolution Services	\$25000 Without ID Alert	\$40
Windstorm or Hail Exclusion		\$1
Equipment Breakdown Coverage	\$100,000	\$32
Limited Animal Liability Coverage	\$300,000	\$34

\* The additional cost for any additional/optional coverage shown as "Included" is contained in the Total Policy Premium amount.

<b>Discounts</b>
Home Buyer Discount
Loss Free Discount
Burglary Protection Discount
Fire Protection Discount

<b>Total Policy Premium</b>	
<b>Basic Premium:</b>	\$959
<b>Optional Coverage Premium:</b>	\$106
<b>Fully Earned Policy Fee:</b>	\$48
<b>Total Policy Premium:</b>	\$1,113



**Policy Declarations**

Endorsement	Old Term	New Term	Term Change
Total Premium	\$1096.7	\$1065.1	-\$31.6
Fully Earned Policy Fee	\$46.01	\$48.43	\$2.42
Paper Document Fee	\$0	\$0	\$0
Premium Finance Fee	\$0	\$0	\$0
Total Charge	\$1096.7	\$1065.1	-\$31.6

**AMENDATORY NOTICE TO POLICY HOLDERS (ENDORSEMENTS)**

Based on the information you have provided, your policy has been issued subject to the following coverage forms and endorsements. Please note that some of these endorsements may limit certain portions of your coverage. Others add optional coverages that you have selected. These are summary descriptions only. Please read the actual policy forms and endorsements to determine the exact level of coverage your endorsed policy provides. If there is any conflict between the policy provisions and this summary, THE POLICY PROVISIONS SHALL PREVAIL. We highly recommend reviewing your coverage with your insurance producer.

**Forms & Endorsements**

- HO-6 Unit-Owners Form (09/2016)
- HO-300 TX Special Provisions - TEXAS (01/2017)
- HO-18 Trampoline Exclusion (09/2016)
- HO-19 Swimming Pool Slide and Diving Board Exclusion (09/2016)
- HO-290 Personal Property Replacement Cost Loss Settlement (09/2016)
- HO-142 Identity Theft Expense and Resolution Services Coverage (09/2016)
- HO-140 TX Windstorm or Hail Exclusion (09/2016)
- HO-475 Equipment Breakdown Coverage (09/2016)
- HO-14 Limited Animal Liability Coverage (09/2016)



**IMPORTANT INFORMATION**

Date Mailed: 03/03/2017

It is your responsibility to select and maintain adequate amounts of insurance on your dwelling and personal property.

The coverage limits selected by you will be adjusted annually based on estimated changes in rebuilding and replacement costs, but the company does not guarantee that the coverage limits shown in these declarations will be sufficient to rebuild your dwelling or replace any other covered property. Please contact your producer if you would like to change the coverage limits in your policy.

This declaration supersedes any previous declaration bearing the same policy number for this policy period. This declaration provides only a summary of coverage. All coverage is subject to the terms, conditions, and exclusions of the policy contract.



**IMPORTANT: THIS POLICY IS A DIRECT BILL POLICY.**

A fully earned \$10.00 service charge will be added for each installment payment that is non-electronic; the service charge is \$3.00 if installments are paid electronically using automatic payments. This service charge is not charged on down payments, on installments not tendered due to early payment of your premium balance, or on entire premium payments. An installment invoice will be sent to the insured detailing the required payment amount and payment date. Payments must be received in our office prior to the due date or the policy will be cancelled for non-payment of premium.

**FRAUD STATEMENT**

It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits. Coverage applicable only within the U.S.A., its territories, and Canada.

Any revisions, changes and/or corrections made on the printed application after the information has been submitted online are not reflected on this declarations page and are not a part of the application for insurance. If any information on the declarations page is inaccurate, please notify the underwriting department in writing, via U.S. mail.

Policy fee is fully earned (retained).  
for claims reporting please call (800)962-1172  
for policy service please call (800)303-5000

Mailing address:  
P.O. Box 40  
Anaheim, CA 92815-0040

**COMPLAINTS**

You have the right to complain to TDI about any insurance company and/or insurance matter and to receive a prompt investigation and response to your complaints. To do so, you should:

- Call TDI's **consumer help line** at 1-800-252-3439, (512-463-6515 in Austin) for service in both English and Spanish;
- Write to the Texas department of insurance, consumer protection, mail code 111-1a, P.O. box 149091, Austin, Texas 78714-9091;
- Email TDI at [consumerprotection@tdi.texas.gov](mailto:consumerprotection@tdi.texas.gov);
- Fax your complaints to 512-475-1771;
- Download or complete a complaint form online from the TDI website at [www.tdi.texas.gov](http://www.tdi.texas.gov); or
- Call the TDI publications/complaint form order line at 1-800-599-shop (7467), (512-305-7211 in Austin). The order line is available 24 hours a day, 7 days a week.



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# Pacific Specialty Insurance Company

## TEXAS

### Special Deductibles Notice

Pursuant to Title 28 TAC Section 5.9700, we are providing this notice to disclose other deductibles that may apply to your coverage in this policy.

This notice provides no coverage, nor can it be construed to replace any coverage provided by your insurance policy. If there is a conflict between your policy and this notice, the provisions of the policy shall prevail.

Your Declarations page contains an All Other Perils deductible and a Wind and Hail Deductible, and may contain a Hurricane Deductible, as defined within your policy contract. In addition to the defined deductible amounts, your policy may contain special deductibles that apply to specific coverages and/or specific perils. Below, we provide a description of the special deductibles that may apply to your policy. Please refer to the endorsement section of your Declarations to determine which of the forms below apply to your policy:

Form Description	Applicable coverage	Special Deductible amount
HO-3, HO-4, HO-6	Fire Department Service Charge	\$0
HO-3, HO-4, HO-6	Credit Card, Electronic Fund Transfer Card or Access Device, Forgery and Counterfeit Money	\$0
HO-3, HO-4, HO-6	Refrigerated Products Coverage	\$100
HO-142	Identity Theft Expense and Resolution Services	\$0
HO-143	Identity Theft Expense and Resolution Services	\$0
HO-84	Lock Replacement Coverage	\$0
HO-85	Lock Replacement Coverage	\$0
HO-86	Lock Replacement Coverage	\$0
HO-61	TX Valuable Items Plus	\$0
438BFU	Lenders Loss Payable	\$500
HO-210	Service Line Coverage	\$500
HO-475	Equipment Breakdown	\$500

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### NOTICE TO POLICYHOLDERS

Pursuant to Section 2301 of the Texas Insurance Code, we are notifying you that your policy specifically excludes coverage for loss(es) due to, caused by, arising out of or contributing in any way from lead, asbestos and/or pollutants.

This Notice does not replace or change any part of your policy. If there is a conflict between this Notice and your policy, the terms, coverages, exclusions and conditions of your policy will govern. If you have any questions regarding this Notice or what your policy covers, please contact your producer.

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**THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**LIMITED ANIMAL LIABILITY COVERAGE**

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For an additional premium, this policy provides limited coverage for liability caused by or arising from dogs, domestic cats, or birds. This coverage is limited to the amount of coverage listed in the Declarations. This coverage does not apply, at any time, regardless of cause, to any liability arising from any animal other than a dog, domestic cat, or bird.

Liability arising out of any of the following types of dog(s) is excluded:

- a. Pit Bulls;
- b. Doberman Pincers;
- c. Rottweilers;
- d. German Shepherds;
- e. Chows;
- f. Akitas;
- g. Huskies;
- h. Malamutes;
- i. Bull Mastiffs;
- j. Stafford Shire Terriers;
- k. Cane Corsos
- l. Presa Canario (Canary Dog); or
- m. Wolf hybrid.

There is no coverage for any liability arising from any:

- a. dog that is a mixed breed of any of the above listed dog breeds;
- b. dog known by breed or species to be vicious;
- c. animal with a previous bite history;
- d. zoo animal; or
- e. exotic animal.

“We” shall have no duty to defend or indemnify any claim or suit seeking damages caused by or arising out of the actions of any animal excluded herein. This also includes but is not limited to the negligent supervision of any animal excluded herein.

All other provisions of this policy apply.

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**THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**IDENTITY THEFT RESOLUTION AND EXPENSE REIMBURSEMENT  
SERVICES COVERAGE**

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This endorsement amends your policy. Please read it carefully.

For an additional premium, the following Additional Coverage is added under Section I.

**IDENTITY THEFT RESOLUTION SERVICES:**

"We" have partnered with Identity Theft 911 to provide "Resolution Services" if "your" identity has been stolen. Please contact Identity Theft 911 at (855) 880-2189 to be connected to a fraud specialist. The fraud specialist will guide "you" through the resolution process to help restore "your" identity.

**IDENTITY THEFT EXPENSE REIMBURSEMENT SERVICES**

"Identity Theft Expense" Coverage is subject to a \$25,000 Limit of Liability. This \$25,000 Limit of Liability covers "expenses" incurred by the "insured" as the direct result of any one "identity theft" discovered during the policy period.

The most "we" will pay for any one "Identity Theft Expense" loss is up to \$25,000. The most "we" will pay during any one policy period is \$50,000, providing coverage for no more than two (2) "Identity Theft Expense" losses that are discovered during any one policy period.

**DEFINITIONS**

With respect to the provisions of this endorsement only, the following definitions are added:

"Expense(s)" means reimbursement of "expenses" incurred for the following:

1. Costs for:
  - (a) notarizing required fraud affidavits or similar documents for financial institutions or similar credit grantors or credit agencies;
  - (b) certified mail sent to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;
  - (c) long distance phone calls;
  - (d) day care and elder care; and
  - (e) loan application fees for reapplying for a loan.
2. Lost wages as a result of time taken off from work to report or address the effects of "identity theft". Lost wages due to wrongful incarceration arising solely from someone else having committed a crime in the "insured's" name are also covered.

We will pay lost wages up to a maximum of \$1000 per week for a maximum period of five weeks.
3. Reasonable attorney fees incurred for the following:
  - a. Defense of lawsuits brought against the "insured" by merchants or their collection agencies;
  - b. Removal of any criminal or civil judgments wrongly entered against an "insured".

"Identity theft" means the use of the "insured's" name, address, social security number (SSN), or other identifying information without the "insured's" knowledge to commit fraud or other crimes that are in violation of federal law or a felony under any applicable state or local law(s).

Any act or series of acts committed by any one person or group of persons acting in concert or in which any one person or group of persons is concerned or implicated is considered to be one "identity theft". A series of such acts continuing into a subsequent policy period is still considered one "identity theft".

"Resolution Services" means professional recovery services from a fraud specialist.

## **EXCLUSIONS**

The following additional exclusions apply to this coverage.

We do not cover:

1. Loss arising out of "business" pursuits of any "insured".
2. "Expenses" incurred due to any fraudulent, dishonest or criminal act(s) by the "insured". This also applies to any person acting in concert with the "insured", or by any authorized representative of the "insured", whether acting alone or in collusion with others.
3. Loss other than "expenses" or "resolution services".
4. Lost wages for wrongful incarceration if the charges are not dropped or any "insured" is not acquitted.

## **DEDUCTIBLE**

No deductible applies to this coverage.

## **YOUR DUTIES AFTER LOSS**

The following is added to **C. Your Duties After Loss** of **Section I – Conditions**:

Provide receipts, bills or other records that support your claim for "expenses" under "identity theft" coverage.

All other provisions of this policy apply.

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**THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**SWIMMING POOL DIVING BOARD AND SLIDE EXCLUSION**

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This policy does not provide any coverage for any:

- a.** loss,
- b.** damage,
- c.** cost,
- d.** claim,
- e.** "bodily injury,"
- f.** "property damage," or
- g.** medical payments

arising from or in any way involving, directly or indirectly, a swimming pool diving board, slide or similar structure, regardless of cause.

"We" shall have no duty to investigate, defend, or indemnify any claim or "suit" seeking such damages.

All other terms and conditions of the policy remain unchanged.



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**THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**TRAMPOLINE EXCLUSION**

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This policy does not provide any coverage for any:

- a. loss,
- b. damage,
- c. cost,
- d. claim,
- e. expense,
- f. "bodily injury,"
- g. "property damage," or
- h. medical payments

arising from or in any way involving, directly or indirectly, a trampoline, regardless of cause.

"We" shall have no duty to investigate, defend, or indemnify any claim or "suit" seeking such damages.

All other terms and conditions of the policy remain unchanged.

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THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**WINDSTORM OR HAIL EXCLUSION – TEXAS**

**SCHEDULE**

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Date: \_\_\_\_\_ Signature of Insured: \_\_\_\_\_

Note: This endorsement may be attached only to policies covering property located in the Catastrophe Area designated by the Texas Department of Insurance.

**SECTION I – PERILS INSURED AGAINST**

In all forms, coverage for the peril of windstorm or hail is deleted. However, we do cover for loss of use under Coverage **D**.

**SECTION I – EXCLUSIONS**

The following exclusion is added. In Forms **HO-3** and **HO-6** it is added to Paragraph **A**:

**Windstorm Or Hail**

However, this exclusion does not apply to direct loss by fire or explosion resulting from windstorm or hail.

All other provisions of this policy apply.

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**THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT**

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As respects this **Equipment Breakdown Enhancement Endorsement**, this endorsement changes coverage provided by the following:

**HOMEOWNERS HO3 – SPECIAL FORM**

**HOMEOWNERS HO4 - CONTENTS BROAD FORM**

**HOMEOWNERS HO6 – UNIT-OWNERS FORM**

Read the entire endorsement carefully to determine “your” rights, “your” duties, and what is and is not covered.

**“Equipment Breakdown” coverage is subject to a \$100,000 per “Occurrence” Limit of Liability.**

**“Equipment Breakdown” coverage is subject to a \$500 per “Occurrence” Deductible.**

**DEFINITIONS**

The following **Definitions** are added (**19.** in Homeowners HO6-Unit-Owners Form and Homeowners HO4-Contents Broad Form):

**20.** “Equipment breakdown”.

“Equipment breakdown” as used herein means:

- A.** Physical loss or damage both originating within:
  - 1.** Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
    - a.** waste disposal piping;
    - b.** any piping forming part of a fire protective system; and
    - c.** any water piping other than:
      - (1)** boiler feed water piping between the feed pump and the boiler;
      - (2)** boiler condensate return piping; or
      - (3)** water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes
  - 2.** All mechanical, electrical, electronic or fiber optic equipment; and
- B.** Caused by, resulting from, or consisting of:
  - 1.** Mechanical breakdown;
  - 2.** Electrical or electronic breakdown; or
  - 3.** Rupture, bursting, bulging, implosion, or steam explosion.

However, “equipment breakdown” will not mean:

Physical loss or damage caused by or resulting from any of the following; however if loss or damage not otherwise excluded results, then “we” will pay for such resulting damage:

- 1.** Wear and Tear;
- 2.** Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
- 3.** Smog;
- 4.** Settling, cracking, shrinking or expansion;
- 5.** Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
- 6.** Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition; interpretation; calculation; comparison; differentiation; sequencing; or processing of data by any

Includes Copyrighted Material of Insurance Services Office, Inc., 2002

- computer system. This includes any hardware, programs or software;
7. Scratching and marring; and

Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire; lightning; combustion explosion; windstorm or hail; weight of snow; ice or sleet; freezing, falling objects; smoke; aircraft or vehicles; riot or civil commotion; vandalism; sinkhole collapse; volcanic action; leakage from fire extinguishing equipment; water; water damage; earth movement; and flood.

21. "Green" as used herein means; products, materials, methods and processes certified by a "green authority" that conserve natural re-sources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
22. "Green authority" as used herein means; an authority on "green" "buildings", products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), "green" Building Initiative Green Globes®, Energy Star Rating System or any other recognized "green" rating system.
23. "Motor vehicle" as used herein means any self-propelled land or amphibious vehicle.

## **SECTION I – PROPERTY COVERAGES**

### **E. Additional Coverages (D. in Homeowners HO6 - Unit-Owners Form and C. in Homeowners HO4 - Contents Broad Form)**

The following **Additional Coverages** are added as a part of and not in addition to the limit per loss: (14. in Homeowners HO6 - Unit-Owners Form and Homeowners HO4 - Contents Broad Form)

#### **15. Expediting Expense**

"We" will pay for the expediting expense loss resulting from an "equipment breakdown". The loss must be to "your" damaged Personal Property. "We" will pay the "reasonable extra cost" to:

- a. Make temporary repairs;
- b. Expedite permanent repairs; and
- c. Expedite permanent replacement

"Reasonable extra cost" shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the "insured". This includes overtime and the extra cost of express or other rapid means of transportation. The most "we" will pay for loss or damage under this Additional Coverage is \$10,000.

#### **16. Spoilage Coverage**

"We" will pay for loss of perishable goods due to spoilage. This must result from; lack of power, light, heat, steam or refrigeration caused by an "equipment breakdown" to "your" Personal Property. The most "we" will pay for loss or damage under this Additional Coverage is \$10,000.

#### **17. Pollutant Clean Up and Removal**

"We" will pay for the pollutant clean up and removal due to an "equipment breakdown". The most "we" will pay for under this Additional Coverage is \$10,000.

#### **18. Off – Premises Coverage**

"We" will pay for loss or damage to covered property resulting from a covered "equipment breakdown" while at a premises or location that is not a "residence premises". This coverage does not apply to any "motor vehicle". The most "we" will pay for loss or damage under this Additional Coverage is \$10,000.

## **SECTION I – PERILS INSURED AGAINST**

### **HOMEOWNERS 6 – UNIT-OWNERS FORM**

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- A. Coverage A – Dwelling** also means “Equipment Breakdown”.
- B. Coverage C – Personal Property**

The following **Perils Insured Against** are added:

- 17. “Equipment breakdown”

With respect to this endorsement, the following **Perils Insured Against** are modified and replaced with:

**15. Sudden And Accidental Damage From Artificially Generated Electrical Current**

**HOMEOWNERS HO4 - CONTENTS BROAD FORM**

**Coverage C – Personal Property**

The following “**Perils Insured Against**” are added:

- 17. “Equipment breakdown”

With respect to this endorsement, the following “**Perils Insured Against**” are modified and replaced with:

**15. Sudden And Accidental Damage From Artificially Generated Electrical Current**

**HOMEOWNERS HO3 – SPECIAL FORM**

- A. Coverage A – Dwelling And Coverage B – Other Structures** also means “Equipment Breakdown”.

With respect to this endorsement, the following “**Perils Insured Against**” are modified and replaced with:

- A. 2. c. (6) (b)** Latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

- B. Coverage C – Personal Property**

The following “**Perils Insured Against**” is added:

- 17. “Equipment breakdown”

With respect to this endorsement, the following “**Perils Insured Against**” are modified and replaced with:

**15. Sudden And Accidental Damage From Artificially Generated Electrical Current**

**SECTION I - CONDITIONS**

With respect to this endorsement, the following **Conditions** are modified and replaced with:

**D. Loss Settlement**

1. “We” will pay “you” the amount “you” spend to repair or replace “your” Covered Property due to an “equipment breakdown”. “Our” payment will be the lesser of:
  - a. The cost at the time of the “equipment breakdown” to repair the damaged Covered Property;
  - b. The cost at the time of the “equipment breakdown” to replace the Covered Property with property of like kind, capacity, size and quality; or
  - c. The amount “you” spend that is necessary to repair or replace the damaged property.
2. As respects “your” Covered Property, if the cost of repairing or replacing only a part of the Covered Property is greater than:
  - a. The cost of repairing the Covered Property; or
  - b. The cost of replacing the entire Covered Property.

“We” will pay the lesser amount.

The repair parts or replacement Covered Property must be:

- a. Of like kind, capacity, size and quality; and
- b. Used for the same purpose.

The following Conditions are added (**T. Homeowners HO4 - Contents Broad Form**):

- U.** “Equipment breakdown” coverage does not extend beyond the “residence premises”. This does not apply to coverage provided under the Off-Premises Coverage.

- V.** Green Environmental, Safety, and Efficiency Improvements

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If Covered Property requires repair or replacement due to an "equipment breakdown", "we" will pay;

- a. "We" will pay the additional cost to repair or replace that property with equipment that is better for the environment, safer, or more efficient than the equipment being repaired or replaced.
- b. "We" will pay the additional reasonable and necessary fees incurred by the "Insured" for an accredited professional certified by a "green authority" to participate in the repair or replacement of physically damaged Covered Property as "green".
- c. "We" will pay the additional reasonable and necessary cost incurred by the "insured" for certification or recertification of the repaired or replaced Covered Property as "green".
- d. "We" will pay the additional reasonable and necessary cost incurred by the "insured" for "green" in the removal, disposal or recycling of damaged Covered Property.
- e. The Loss of Use (if covered within the Policy to which this Equipment Breakdown Enhancement Endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "green", in the coverages above.

However, "we" will not pay more than 150% of what the cost would have been to repair or replace such property with like kind and quality inclusive of fees, costs, and any loss of use loss incurred as stated above.

These **Conditions** will be part of, and not an addition to, the limit of liability per loss or any other sublimit of this Policy.

All other policy conditions apply.

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THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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**SPECIAL PROVISIONS – TEXAS**

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**DEFINITIONS**

The Following definitions are added:

**20.** “Business day” means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.

**21.** “Wildfire” means any wildland or brush fire that occurs on public or private land and is either:

- a. an unplanned ignition caused by, but not limited to, lightning, volcanoes, escaped prescribed fires, and unauthorized or accidental human-caused fires; or
- b. a planned ignition caused by, but not limited to, a hand-held mechanical or aerial device.

**SECTION I - PROPERTY COVERAGES**

**Coverage B – Other Structures**

2.c. is deleted and replaced by the following:

**2.** “We” do not cover:

- c. Other structures from which loss arises out of the conducting of “business”.

**Coverage C – Personal Property**

**Special Limits of Liability**

Category **f**, is deleted in forms **HO-3, HO-4, HO-6, HO-5, and HO-615**.

**SECTION I - PROPERTY COVERAGES**

**ADDITIONAL COVERAGES**

**11. Ordinance or Law.** The following paragraph is added:

- 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.

This is Additional Coverage **10**. in form **HO-6** and Additional Coverage **13**. in form **HO-4**.

**SECTION I – PERILS INSURED AGAINST**

**For Form HO-6:**

Paragraph A.1. is hereby deleted and replaced by the following:

**A. Coverage A – Dwelling**

1. We insure against direct physical loss to property described in Coverages **A**.

**For Form HO-3:**

**COVERAGE A - DWELLING AND COVERAGE B - OTHER STRUCTURES,  
SECTION I – PERILS INSURED AGAINST**

Paragraph A.1. is hereby deleted and replaced by the following:

**A. Coverage A – Dwelling And Coverage B – Other Structures**

1. We insure against direct physical loss to property described in Coverages **A** and **B**.

Paragraph A.2.c.(6) (e) is hereby deleted and replaced by the following:

**A. Coverage A – Dwelling And Coverage B – Other Structures**

**2.** “We” do not insure, however, for loss:

**c.** Caused by:

(6) Any of 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**.

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

However, pollutants do not include:

- i. Pollutants that escape from a "hostile fire". A "hostile fire" is defined as a fire that becomes uncontrollable or breaks out from where it was intended to be.
- ii. Pollutants that escape from a heating, ventilation or air-conditioning system.
- iii. Cleaners or chemicals commonly used to clean or maintain the dwelling.

Paragraph **2.c.(6)**; the following subparagraph is added under **Exception To 2.c.(6)**. (If endorsement **HO-5** is part of this policy, the following subparagraph is added to paragraph **1.c.(6)** under **Exception To c.(6)**:

"We" do not cover loss to a slab or foundation caused by accidental discharge, or overflow of water, waterborne material or steam from within a plumbing, heating or air conditioning system or household appliance that is either below the surface of the ground or is within or below the slab or foundation of the dwelling.

## **SECTION I - EXCLUSIONS**

The first paragraph of this section is deleted and replaced by the following:

"We" do not cover any direct or indirect loss or damage caused by, resulting from, contributing to or aggravated by any of these excluded perils. Loss from any of these perils is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

These exclusions apply whether or not the loss event:

- (1) Results in widespread damage;
- (2) Affects a substantial area; or
- (3) Occurs gradually or suddenly.

These exclusions also apply whether or not the loss event arises from:

- (1) Any acts of nature;
- (2) Any human action or inaction;
- (3) The forces of animals, plants or other living or dead organisms; or
- (4) Any other natural or artificial process.

2. **Earth Movement** is deleted and replaced by the following:

2. **Earth Movement**, meaning events that include but are not limited to the following:

- a. Earthquake and earthquake aftershocks;
- b. Volcano activity including but not limited to:
  - (1) Volcanic eruption;
  - (2) Volcanic explosion;
  - (3) Effusion of volcanic material; or
  - (4) Lava flow;
- c. Mudslide, including mudflow, debris flow, landslide, avalanche, or sediment;
- d. Sinkhole;
- e. Subsidence;
- f. Excavation collapse;
- g. Erosion; or
- h. Any expansion, shifting, rising, sinking, contracting, or settling of the earth, soil or land.

This exclusion applies whether or not the earth, soil or land is combined or mixed with water or any other liquid or natural or man-made material.

However, loss caused directly by the specific perils:

- a. fire;
- b. explosion;
- c. breakage of "building" or dwelling glass or safety glazing material, including storm doors or windows; or
- d. theft;

following any earth movement is covered.

3. **Water Damage** is deleted and replaced by the following:
3. **Water Damage**, meaning:
- a. Flood, surface water, ground water, storm surge, waves, wave wash, tidal water, tsunami, seiche, overflow of a body of water, or spray from any of these, whether or not a result of precipitation or driven by wind;
  - b. Any water or water borne material that enters through or backs up from a sewer or drain, or which overflows or is discharged from a sump, sump pump or related equipment;
  - c. Any water or water borne material located below the surface of the ground including water or water borne material:
    - (1) Which exerts pressure on, seeps, leaks or flows into:
      - (a) Any part of the dwelling or other structures;
      - (b) The foundation of the dwelling or other structures;
      - (c) Any paved surface located on the "residence premises"; or
      - (d) Any spa, hot tub, or swimming pool.
    - (2) Which causes earth movement; or
  - d. Any overflow, release, migration or discharge of water in any manner from a dam, levee, dike, hurricane barrier or any water or flood control device.
- Direct loss by fire, explosion or theft resulting from water damage will be covered.

8. **Intentional Loss** is deleted and replaced by the following:

8. **Intentional Loss.**

- a. Intentional loss means any loss arising out of any act the "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 will 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 property. 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.

The following exclusion is added:

**13. Settling, Cracking, Bulging, Shrinkage or Expansion of Specific Property.**

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

This is exclusion **A.12.** in forms **HO-3** and **HO-6.**

**SECTION I - CONDITIONS**

**B. Insurable Interest and Limit of Liability.** The following paragraph is added:

**§862.053 Fire Insurance: Total Loss of Real Property.** 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 shall not apply to personal property.

**C. Duties After Loss,** is deleted and replaced by the following:

**C. 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". These duties must be performed either by

"you", or an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to "us" or "our" agent. With respect to a loss caused by the peril of windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code, any claim must be filed with "us" not later than one year after the date of the loss that is the subject of the claim. However, any such claim may be filed after the first anniversary of the date of the loss for good cause shown by the person filing the claim. With respect to a loss caused by smoke, soot or ash, which result from a "wildfire", that notice must occur no later than 60 days after the date the fire is extinguished, "we" will pay no more than \$2,500 for all damages caused by smoke, soot or ash, which result from "wildfire".
2. Notify the police in case of a loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage under Section I - Property Coverages**;
4. Protect the property from further damage. If repairs to the property are required, "you" must:
  - a. Make reasonable and necessary repairs to protect the property; and
  - b. Keep an accurate record of repair expenses;
5. Cooperate with "us" in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, "actual cash value" and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as "we" reasonably require:
  - a. Show the damaged property;
  - b. Provide "us" with records and documents "we" request and permit "us" to make copies; and
  - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same. A parent or guardian may be present during any examination of a minor;
8. 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.
  - a. This proof of loss shall set forth, to the best of "your" knowledge and belief:
    1. The time and cause of loss;
    2. The interests of all "insureds" and all others in the property involved and all liens on the property;
    3. Other insurance which may cover the loss;
    4. Changes in the title or occupancy of the property during the term of the policy;
    5. Specifications of the damaged "buildings" and detailed repair estimates;
    6. The inventory of damaged personal property described in **2.f.** above;
    7. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
    8. Evidence or affidavit that supports a claim under **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.
  - b. 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:
    1. The "replacement cost" of the described dwelling;
    2. The "replacement cost" of any other "building" on which loss is claimed; or
    3. The full cost of repair or replacement of loss without deduction for depreciation.

#### **Our Duties After Loss.**

- a. No later than 15 days after "we" receive "your" 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; and
  3. Specify the information "you" must provide in accordance with **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 reasons "we" require more time to process "your" claim. But "we" must either approve or deny "your" claim within 45 days after requesting more time.
- D. Loss Settlement.** In form **HO-3**, paragraph **1.a.** is deleted and replaced by the following:
1. Personal Property other than jewelry;
- D. Loss Settlement,** in form **HO-4** is deleted and replaced by the following:
- D. Loss Settlement.**
1. Covered property losses other than jewelry are settled at "actual cash value" at the time of loss but not more than the amount required to repair or replace.
  2. Jewelry losses are settled at "replacement cost" at the time of loss without deduction for depreciation.
- D. Loss Settlement.** In form **HO-6** paragraph **1.** is deleted and replaced by the following:
1. Personal property and grave markers, including mausoleums at "actual cash value" at the time of loss but not more than the amount required to repair or replace. This does not include loss to jewelry.
- D. Loss Settlement.** In all forms except **HO-4**, paragraph **3.** is added, as follows:
3. Jewelry at "replacement cost" at the time of loss without deduction for depreciation.
- E. Loss To A Pair Or Set** is deleted and replaced by the following:
- E. 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.
- F. Appraisal** is deleted and replaced by the following:
- F. Appraisal**
- If "you" and "we" fail to agree on the amount, cause or extent of the loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. 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 court of record in the county where the "residence premises" is located. The appraisers will separately set the amount, cause or extent of the loss. If the appraisers submit a written report of an agreement to "us", the amount, cause or extent agreed upon will be the amount, cause or extent of the loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount, cause or extent of the loss.
- Each party will:
1. Pay its own appraiser; and
  2. Bear the other expenses of the appraisal and umpire equally.
- H. Suit Against Us** is deleted and replaced by the following:
- H. Suit Against Us.**
1. Except as provided in paragraph **H.2.** below, 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. A cause of action accrues on the date of the initial breach of "our" contractual duties as alleged in the action.
  2. With respect to suits brought in connection with claims for loss caused by the peril of windstorm or hail in the catastrophe area, as defined by the Texas Insurance Code:  
No action can be brought against "us" unless there has been compliance with all the terms of this policy. The action must be brought before the earlier of the following:
    1. Two years and one day from the date "we" accept or reject the claim; or
    2. Three years and one day from the date of loss that is the subject of the claim.
- J. Loss Payment** is deleted and replaced by the following:
- J. Loss Payment.**
1. "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.
  2. 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.
- L. Mortgage Clause** is deleted and replaced by the following:
- L. 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:
    - (1) At "our" request, pays any premium 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 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 **C.1.**, **C.2.**, **C.3.**, or **C.4.** 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:
    - (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 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.
  6. If "we" cancel the policy, "we" will give the mortgagee the same number of days' notice of cancellation "we" give to "you".
  7. 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.
  8. 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.  
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.

**R. Concealment Or Fraud** is deleted and replaced with the following:

**R. Concealment Or Fraud\*** \*(for HO-4 Section Q is deleted and replaced)

1. With respect to loss caused by fire, "we" will not provide coverage to an "insured" who has:
  - a. Intentionally concealed or misrepresented any material fact or circumstance;
  - b. Engaged in fraudulent conduct; or
  - c. Made false statements;

relating to this insurance.
2. With respect to loss caused by a peril other than fire, "we" will not provide coverage to an "insured" under this policy, if whether before or after a loss an "insured" has:
  - a. Intentionally concealed or misrepresented any material fact or circumstance;
  - b. Engaged in fraudulent conduct; or
  - c. Made false statements;

relating to this insurance.

The following Conditions are added:

**U. 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.

#### **V. Catastrophe Claims**

If a claim results from a weather related catastrophe or a major natural disaster, each claim handling deadline shown in **C. Duties After Loss** and **J. Loss Payment** is extended for an additional 15 days.

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

1. Is declared a disaster under the Texas Disaster Act of 1975; or
2. 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**

Exclusion **E.1.** is deleted and replaced by the following:

1. Which is expected or intended by the “insured” even if the resulting "bodily injury" or "property damage":
  - a. Is of a different kind, quality or degree than initially expected or intended; or
  - b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property. This exclusion does not apply to an “insured” who did not commit or direct the commission of the intentional act, or an “insured” that does not expect or intend the injury or damage.

Exclusion **E.6.** is deleted and replaced by the following:

7. “Bodily injury” or “property damage” arising out of the transmission of a disease by an "insured" through sexual contact;

Exclusion **E.7.** is deleted and replaced by the following:

8. “Bodily injury” or “property damage” arising out of sexual molestation, 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;

Exclusion **E.14** is deleted and replaced by the following:

#### **14. Animal Liability**

Coverages **E** and **F** do not apply to “bodily injury” or “property damage” caused by any animal.

- a. “We” shall not pay any sum that an “insured” shall become legally obligated to pay as damages because of “bodily injury” or “property damage” caused by or originating or resulting from any animal.
- b. “We” shall not pay any medical expenses at any time, to persons while on the “residence premises”, with or without the permission of the “insured”, if such medical expense is caused by or results from any “bodily injury” caused by, or resulting from any animal.

#### **F. Coverage E – Personal Liability**

Coverage E does not apply to:

##### **1. Liability**

- f. arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of pollutants, at any time.

Any loss, cost, or expense arising out of any:

- (1) Request, demand or order that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or
- (2) Claim or suit by or on behalf of governmental authority for damages because of testing for, monitoring, clean up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

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



However, pollutants do not include:

- i. Pollutants that escape from a "hostile fire". A "hostile fire" is defined as a fire that becomes uncontrollable or breaks out from where it was intended to be.
- ii. Pollutants that escape from a heating, ventilation or air-conditioning system.
- iii. Cleaners or chemicals commonly used to clean or maintain the dwelling.

## **SECTION II - CONDITIONS**

**C. Duties After "Occurrence"**, paragraph 5. is deleted and replaced by the following:

5. With respect to Additional Coverage **C. Damage to Property of Others**, submit to "us" within 91 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;

**D. Duties of An Injured Person – Coverage F – Medical Payments To Others**, paragraph 3. Is deleted and replaced by the following:

3. The injured person must submit to examinations under oath by a person named by "us" and subscribed thereto, as often as "we" reasonably require. A parent or guardian may be present during any examination of a minor.

The following condition is added:

### **H. Notice of Settlement of Liability Claim.**

1. "We" will notify the "insured" in writing of any initial offer to compromise or settle a claim against the "insured" under the liability section of this policy. "We" will give the "insured" notice within 10 days after the date the offer is made.
2. "We" will notify the "insured" in writing of any settlement of a claim against the "insured" under the liability section of this policy. "We" will give the "insured" notice within 30 days after the date of the settlement.

Condition J. is deleted and replaced with the following:

### **J. Concealment Or Fraud**

"We" will not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

## **SECTIONS I AND II- CONDITIONS**

**D. Cancellation** is deleted and replaced by the following:

### **D. 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. If this policy has been in effect for less than 60 days and is not a renewal policy "we" may cancel this policy if:
  - a. "We" identify a condition that:
    - (1) Creates an increased risk of hazard;
    - (2) Was not disclosed in the application for insurance coverage; and
    - (3) Is not the subject of a prior claim; or
  - b. Before the effective date of the policy, "we" have not accepted a copy of a required inspection report that:
    - (1) Was completed by an inspector licensed by the Texas Real Estate Commission or who is otherwise authorized to perform inspections; and
    - (2) 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. "We" may also cancel this policy at any time for any of the following reasons:
  - a. "You" do not pay the premium or any portion of the premium when due;
  - b. The 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;
  - c. "You" submit a fraudulent claim; or
  - d. 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 or rate of this policy.

4. The effective date of cancellation cannot be before the 10th day after “we” mail the notice if “we” cancel for any of the reasons in c. or the 30th day after “we” mail notice if “we” cancel for any other reason. “Our” notice of cancellation must state the reason for cancellation.
5. If “we” cancel “your” policy, “we” will return “your” premium no later than the 15<sup>th</sup> business day after the effective date of cancellation or termination of the policy.
6. “We” may not cancel this policy solely because “you” are an elected official.

**E. Nonrenewal** is deleted and replaced by the following:

**E. 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 mortgagee 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.

All other provisions of this policy apply.

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THE SECTION BELOW CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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**PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT**

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**A. ELIGIBLE PROPERTY**

1. Covered losses to the following property are settled at “replacement cost” at the time of loss:
  - a. Coverage C-Personal Property; and
  - b. If covered in this policy;
    - (1) Awnings, outdoor antennas and outdoor equipment; and
    - (2) Carpeting and household appliances;  
whether or not attached to buildings.

Condition D. Loss Settlement does not apply to property described in paragraphs a. and b. above.

2. This method of loss settlement applies to the following articles and classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:
  - a. Jewelry;
  - b. Furs and garments:
    - (1) Trimmed with fur; or
    - (2) Consisting principally of fur;
  - c. Cameras, projection machines, films and related articles of equipment;
  - d. Musical equipment and related articles of equipment;
  - e. Silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware but excluding:
    - (1) Pens or pencils;
    - (2) Flasks;
    - (3) Smoking implements; or
    - (4) Jewelry; and
  - f. Golfer’s equipment meaning golf clubs, golf clothing and golf equipment.

Personal Property Replacement Cost coverage will not apply to other classes of property separately described and specifically insured in this policy.

**B. PROPERTY NOT ELIGIBLE**

Property listed below is not eligible for “replacement cost” settlement. Any loss will be settled at “actual cash value” at the time of loss but not more than the amount required to repair or replace.

1. Antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be replaced;
2. Memorabilia, souvenirs, collectors’ items and similar articles whose age or history contribute to their value;
3. Articles not maintained in good or workable condition; or
4. Articles that are outdated or obsolete and are stored or not being used.

**C. REPLACEMENT COST**

1. We will pay no more than the least of the following amounts:
  - a. “Replacement cost” at the time of loss without deduction for depreciation;
  - b. The full cost of repair at the time of loss;
  - c. The limit of liability that applies to Coverage C, if applicable;
  - d. Any special limits of liability stated in this policy; or
  - e. For loss to any item described in A.2.a. – f. above, the limit of liability that applies to the item.

2. When the “replacement cost” for the entire loss under this endorsement is more than \$500, we will pay no more than the “actual cash value” for the loss or damage until the actual repair or replacement is complete.
3. You may make a claim for loss on an “actual cash value” basis and then make claim within 180 days after the loss for any additional liability in accordance with this endorsement.

All other provisions of this policy apply.