

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SPECIAL PROVISIONS - TEXAS**

### **Actual Cash Value**

Throughout this Policy, the following is added to any provision which uses the term actual cash value:

Actual cash value is the value of the covered damaged part of the property at the time of loss, calculated as the estimated cost to repair or replace such property with material of like kind and quality, less a deduction to account for pre-loss depreciation. In calculating the actual cash value, the components of this estimated cost that are subject to depreciation include, but are not limited to:

1. Materials, labor, permits and any applicable tax; and
2. Overhead and profit.

Pre-loss depreciation refers to the decrease in the value of the covered damaged part of the property due to, but not limited to, such considerations as:

1. Age;
2. Condition, including wear and tear or deterioration;
3. Remaining useful life; and
4. Obsolescence.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

Throughout this Policy, the following is added to any provision which uses the term windstorm:

Windstorm means any wind with a damaging or destructive wind component, including but not limited to a hurricane, tropical storm, northeaster, tornado, thunderstorm, cyclone, derecho, macroburst, microburst, downburst, gust front, haboob, squall, or waterspout.

**AGREEMENT** is replaced by the following:

In reliance on the information you have given us, we agree to provide the insurance coverages indicated on the policy Declarations. In return, you must pay the premium when due and comply with the policy terms and conditions and immediately inform us of any change of title, use or occupancy of the "residence premises".

If your initial premium payment is by check, draft, electronic funds transfer, or similar form of remittance, coverage under this policy is conditioned on payment to us by the financial institution. If the financial institution upon presentment does not honor the check, draft, electronic funds transfer, or similar form of remittance, this policy may, at our option, be deemed void from inception. This means we will not be liable under this policy for any claims or damages that would otherwise be covered if the check, draft, electronic funds transfer, or similar form of remittance has been honored by the financial institution. Any action by us to present the remittance for payment more than once shall not affect our right to void this policy.

### **DEFINITIONS**

The following is added to Definition **B.3.** "Business":

- c. The leasing or rental of land, buildings, structures, or personal property; or
- d. The leasing or rental of the mineral rights of an "insured location".

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

12. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
13. "Business day" means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.
14. "Pollutant" 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.

Where used in this Policy, the term pollutant does not include the following:

- a. Pollutants that escape from heating and air conditioning systems and appliances (HVAC);
- b. Common household chemicals used to maintain the residence premises; or
- c. Pollutants released from a hostile fire. A hostile fire is a fire which becomes uncontrollable or breaks out from where it was intended to be.

This Definition of "Pollutant" applies to all forms and endorsements that contain a pollution exclusion, and supersedes any other definition of "Pollutant" found in any form or endorsement.

## **SECTION I – PROPERTY COVERAGES**

### **C. Coverage C- Personal Property**

#### **4. Property Not Covered**

The following paragraphs are added:

- l.** Virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.
- m.** Digitally stored property of any type including but not limited to data, documents, publications, apparel, art, music, videos, interactive media, or images.

### **E. Additional Coverages**

The following is added to Paragraph **E.11. Ordinance Or Law**:

- 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.

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

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

- (5)** Constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system, or from within a household appliance.

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

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

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

- (4)** Caused by constant or repeated seepage or leakage of water or steam or the presence or condensation of humidity, moisture

or vapor, over a period of weeks, months or years.

## **SECTION I – EXCLUSIONS**

Paragraph **A.8. Intentional Loss** is replaced by the following:

### **8. Intentional Loss**

- a.** Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss. In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.
- b.** However, this exclusion does not apply to an "insured" who did not cooperate in or contribute to the creation of the loss if that "insured" has:
  - (1)** Filed a police report; and
  - (2)** Cooperated with law enforcement investigation or prosecution relating to any other "insured" causing the intentional loss.
- c.** If we pay a claim pursuant to Paragraph **8.b.**, our payment to the "insured" is limited to that "insured's" insurable interest in the property less any payments we first made to a mortgagee or other party with a secured interest in the Policy. In no event will we pay more than the limit of liability.

As a condition of payment for intentional loss caused by another "insured" under this exception to the exclusion, we may require an assignment of rights of recovery to the extent that payment is made by us.

The following exclusion is added:

### **A.10. "Fungi" Or Microbes**

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

This exclusion also applies to the cost:

- (1)** To remove "fungi" or microbes from property covered under Section I – Property Coverages;
- (2)** To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi" or microbes; and
- (3)** Of testing of air or property to confirm the absence, presence or level of "fungi" or microbes.

- b. Exclusion **10.a.** applies unless the "fungi" or microbes are located upon the portion of covered property which must be repaired or replaced because of direct physical damage resulting from sudden and accidental discharge or overflow of water, or any other peril, which would otherwise be covered under this Policy.

For purposes of this exclusion, sudden and accidental shall include a loss event that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date it was detected or should have been detected.

- c. However, the exception to the exclusion described in **10.b.** does not include:

- (1) The cost to treat, contain, remove or dispose of the "fungi" or microbes beyond that which is required to repair or replace the covered property physically damaged by water;
- (2) The cost of any testing of air or property to confirm the absence, presence or level of "fungi" or microbes whether performed prior to, during or after removal, repair, restoration or replacement;
- (3) The cost of any decontamination of the "residence premises"; and
- (4) Any increase in loss under Coverage **D – Loss Of Use and Additional Coverage 1. Debris Removal** resulting from **c.(1), (2) or (3).**

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

## **SECTION I – CONDITIONS**

The following is added to Paragraph **A. Insurable Interest And Limit Of Liability:**

### **Policy A Liquidated Demand**

A fire insurance policy, in case of a total loss by fire of property insured, shall be held and considered to be a liquidated demand against the company for the full amount of such policy. This provision shall not apply to personal property.

Paragraph **B. Deductible** is replaced by the following:

### **B. Deductible**

Unless otherwise noted in this Policy, declarations page or any endorsement, the following deductible provision applies: With respect to any one loss:

1. Subject to the applicable limit of liability, we will pay only that part of the total of all loss payable that exceeds the deductible amount shown in the Declarations.
2. If two or more deductibles under this Policy apply to the loss, only the highest deductible amount will apply.

Paragraph **C. Duties After Loss** is replaced by the following:

### **C. Duties After Loss**

#### **1. Your Duties After Loss**

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

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

- (2) Provide us with records and documents we request and permit us to make copies;
  - (3) Submit to examination under oath, while not in the presence of another "insured", and sign the same. If the insured submitting to the examination under oath is a minor, a parent or guardian may be present; and
  - (4) Submit to recorded statement, while not in the presence of another "insured", and sign the same. If the insured submitting to the recorded statement is a minor, a parent or guardian may be present.
- h. Send to us, within 91 days after our request, your signed, sworn proof of loss on a standard form supplied by us.
- (1) This proof of loss shall set forth, to the best of your knowledge and belief:
- (a) The time and cause of loss;
  - (b) The interests of all "insureds" and all others in the property involved and all liens on the property;
  - (c) Other insurance which may cover the loss;
  - (d) Changes in the title or occupancy of the property during the term of the Policy;
  - (e) Specifications of the damaged buildings and detailed repair estimates;
  - (f) The inventory of damaged
    - Personal property described in C.1.f. above;
  - (g) Receipts for additional living expenses incurred and records that support the fair rental value loss; and
  - (h) Evidence or affidavit that supports a claim under E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage under Section I – Property Coverages, stating the amount and cause of loss.
- (2) If you elect to make claim under the Replacement Cost Coverage of this Policy, this proof of loss shall also state, to the best of your knowledge and belief:
- (a) The replacement cost of the described dwelling;

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

## 2. Our Duties After Loss

- a. No later than 15 days after we receive 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 an investigation of the claim; and
  - (3) Specify the information you must provide in accordance with Paragraph C.1. Your Duties After Loss above.

We may request more information if during the investigation of the claim such additional information is necessary;
- b. After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied or whether more information is needed:
  - (1) Within 15 "business days"; or
  - (2) Within 30 days if we have reason to believe the loss resulted from arson;
- c. If we do not approve payment of your claim or require more time for processing your claim, we must:
  - (1) Give the reason for denying your claim; or
  - (2) Give the 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

The lead-in to Paragraph D. Loss Settlement is replaced by the following:

In this Condition D., the terms "cost to repair or replace" and "replacement cost" do not include:

Any compensation for actual or perceived reduction in the market value of any property; or

The increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in E.11.

**Ordinance Or Law** under Section I –

#### Property Coverages.

Covered property losses are settled as follows:

Paragraph **D.1.** in **Loss Settlement** is replaced by the following:

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

Paragraph **3.** is added to **D. Loss Settlement**:

3. Jewelry at replacement cost at the time of loss without deduction for depreciation.

Paragraph **E. Loss To A Pair Or Set** is 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.
3. This provision applies only to property covered under Coverage **C.**

Paragraph **H. Suit Against Us** is replaced by the following:

#### **H. Suit Against Us**

1. Except as provided in Paragraph **2.**, 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 must be brought against us within two years and one day from the date the cause of action first 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 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 of the terms of this Policy. The action must be brought before the earlier of the following:
  - a. Two years and one day from the date we accept or reject the claim; or

- b. Three years and one day from the date of the loss that is the subject of the claim.

Paragraph **J. Loss Payment** is replaced by the following:

#### **J. Loss Payment**

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

If we notify you that we will pay your claim, or part of your claim, we must pay within five "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 five "business days" after the date you perform the act.

Paragraph **L. Mortgage Clause** is 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 in the Declarations as interests appear.
2. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building structure.
3. If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, the mortgagee has the right to receive loss payment if the mortgagee:
  - a. At our request, pays any premium due under this Policy, if you have failed to do so;
  - b. Submits a signed, sworn statement of loss within 91 days after receiving notice from us of your failure to do so; and
  - c. Has notified us of any changes in ownership, occupancy or substantial changes in risk known to the mortgagee.

All of the terms of this Policy will then apply directly to the mortgagee.

Failure of the mortgagee to comply with **3.a.**, **3.b.** or **3.c.** above shall void this Policy as to the interest of the mortgagee.

4. If we pay the mortgagee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy:
  - a. The mortgagee's rights under the mortgage will be transferred to us to the extent of the amount we pay.
  - b. The mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.

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

5. If this Policy is cancelled, we will give the mortgagee specifically named in the Declarations written notice of cancellation.

If we cancel the Policy, we will give the mortgagee the same number of days' notice of cancellation we give to you.

If you cancel the Policy, we will give the mortgagee notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the 10<sup>th</sup> day after the date we mail the notice.

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

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

The mortgagee must credit any unearned premium against any deficiency owed by the borrower and return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.

7. If we elect not to renew this Policy, the mortgagee specifically named in the Declarations will be given 60 days' written notice of the nonrenewal.

Paragraph **R. Concealment Or Fraud** is replaced by the following:

**R. Concealment Or Fraud**

To the extent permitted by Texas Insurance Code sections, 705.003 and 705.004, we will not provide coverage for the "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 material false statements;

relating to this insurance.

The following conditions are added:

**T. How We Settle Losses**

After we have paid for loss to covered property, we may reduce any payment due for any subsequent loss or damage to the same covered property, unless you have furnished us with proof that the prior damage had been fully repaired or replaced.

**Residential Community Property Clause**

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

**Catastrophe Claims**

If a claim results from a weather-related catastrophe or a major natural disaster, each claim-handling deadline shown in **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 is determined to be a catastrophe by the Texas Department of Insurance.

**SECTION II – EXCLUSIONS**

Paragraph **E.1. Expected Or Intended Injury** is replaced by the following:

**1. Expected Or Intended Injury**

"Bodily injury" or "property damage" which is expected or intended by an "insured".

However, this Exclusion **E.1.** does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force by an "insured" to protect persons or property;

Paragraph **E.6. Communicable Disease** is replaced by the following:

**6. Communicable Disease**

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

Paragraph **E.7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse** is replaced by the following:

**7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse**

"Bodily injury" or "property damage" arising out of 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; or

## **SECTION II – EXCLUSIONS**

Paragraphs **E.9. Criminal Acts** and **E.10. Intentional and Malicious Acts** are added:

### **9. Criminal Acts**

"Bodily injury" or "property damage" resulting from a criminal act or omission, which the "insured" committed with the intent to cause loss or injury, or such that the intent of loss or injury is inferred as a matter of law.

### **10. Intentional and Malicious Acts**

"Bodily injury" or "property damage" arising out of an intentional and malicious act by or at the direction of any "insured" with the intent to cause loss or injury, or such that the intent of loss or injury is inferred as a matter of law.

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

Paragraph **F.1.c.** is added:

- c. Arising out of any written or oral statement made by you or others on your behalf which is material to the sale of any property.

## **SECTION II – CONDITIONS**

The following condition is added:

### **K. Notice Of Offer To Settle Or Of Settlement Of Claim**

- 1. We will notify you in writing of any initial offer to settle a claim against you under this Section II. We will give you notice within 10 days after the date the offer is made.
- 2. We will notify you in writing of any settlement of a claim against you under this Section II. We will give you notice within 30 days after the date of the settlement.

## **SECTIONS I AND II – CONDITIONS**

Paragraph **C. Cancellation** is replaced by the following:

### **C. Cancellation**

- 1. You may cancel this Policy at any time by returning it to us or by letting us know in writing or verbally of the date cancellation is to take effect.
- 2. We may cancel this Policy at any time for the reasons stated in this condition by mailing you notice in writing of the date cancellation takes effect. Proof of mailing will be sufficient proof of notice. If you have elected to receive paperless communications from us, we may deliver such notice electronically to the email address that you provided in addition to notice in writing. We will retain a copy of the transmittal record.

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

(1) We identify a condition that:

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

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

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

The effective date of cancellation cannot be before:

- (1) The 10th day after we mail notice if we cancel for reason (3), (4), (5) or (6) above.
  - (2) The 30th day after we mail notice if we cancel for any other reason.
- b. If this Policy has been in effect 60 days or more, or at any time if it is a renewal policy, we may not cancel this Policy unless:
- (1) You do not pay the premium or any portion of the premium due.
  - (2) The Texas Department of Insurance determines that continuation of the Policy would violate the Texas Insurance Code or any other laws

governing the business of insurance in this state.

- (3) You submit a fraudulent claim.
- (4) There is an increase in the hazard covered by this Policy that is within your control and that would produce an increase in the premium rate of this Policy.

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

- 3. When this Policy is cancelled, we will send you any refund due not later than the 15th "business day" after the effective date of cancellation. The premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
- 4. If we cancel, our notice to you will state that if this refund is not included with the notice, it will be returned on demand or not later than the 15th "business day" after the date of cancellation.
- 5. We may not cancel this Policy solely because you are an elected official.

Paragraph **D. Nonrenewal** is replaced by the following:

**D. Refusal To Renew**

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

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

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

- 4. If we refuse to renew this Policy, we must deliver to you, or mail to you at your mailing address shown on the declarations page and any mortgagee named on the declarations page, written notice of our refusal to renew not later than the 60th day before the date on which this Policy expires. Proof of mailing will

be sufficient proof of notice. If you have elected to receive paperless communications from us, we may deliver such notice electronically to the email address that you provided in addition to notice in writing. We will retain a copy of the transmittal record. If we fail to give you proper notice of our decision not to renew, you may require us to renew the Policy.

Paragraph **E. Assignment** is replaced by the following:

**E. Assignment**

Any assignment of any interest in this Policy, without our written consent is expressly prohibited. This includes, but is not limited to, the assignment of any right, benefit, interest, obligation, or claim under this Policy, whether in whole or in part, pre- loss, or post loss.

All other provisions of this Policy apply.