

# Condominium Owners Policy

AVP403

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## Agreements We Make With You

We make the following agreements with you:

## General

### Definitions Used In This Policy

Throughout this policy, when the following words appear in bold type, they are defined as follows:

1. **Association**—means the management body of the **condominium** association.
2. **Bodily injury**—means physical harm to the body, including sickness or disease, and resulting death, except that **bodily injury** does not include diseases transmitted through sexual contact, including:
  - a) any venereal disease;
  - b) herpes;
  - c) Acquired Immune Deficiency Syndrome (AIDS);
  - d) AIDS Related Complex (ARC);
  - e) Human Immunodeficiency Virus (HIV);

or any resulting symptom, effect, condition, disease or illness related to a) through e) listed above.

In addition, **bodily injury** does not include any symptom, effect, condition, disease or illness resulting in any manner from:

- a) lead in any form;
- b) asbestos in any form;
- c) radon in any form; or
- d) oil, fuel oil, kerosene, liquid propane or gasoline intended for, or from, a storage tank located at the **residence premises**;

unless such symptom, effect, condition, disease or illness results from:

- a) heat, smoke, or fumes from a **hostile fire**;
- b) the **sudden and accidental** discharge, dispersal, release or escape of irritants, contaminants or pollutants from a heating or air conditioning system, an appliance for heating water, or a household appliance located at a **residence premises**; or
- c) the **sudden and accidental** loss caused by lawfully possessed, commercially available supplies manufactured or produced for use in food preparation, personal hygiene, or for cleaning or maintaining a residential property or personal property.

3. **Business**—means:
  - a) any full- or part-time activity of any kind engaged in for economic gain including the use of any part of any premises for such purposes. The providing of home day care services to other than an **insured person** or relative of an **insured person** for economic gain is also a **business**.

However, the following are not considered a **business**:

- 1) the mutual exchange of home day care services;
- 2) volunteer activity for a not-for-profit or nonprofit organization or public agency for which no money is received other than reimbursement of expenses; or

- 3) an activity for which an **insured person** does not receive more than \$2,000 in total compensation for the 12 months before the beginning of the policy period.
- b) the rental or holding for rental of property by an **insured person**. Rental of **your residence premises** is not considered a **business** when:
  - 1) it is rented occasionally for residential purposes;
  - 2) a portion is rented to roomers or boarders, provided not more than two roomers or boarders reside on the **residence premises** at any one time; or
  - 3) a portion is rented as a private garage.
4. **Business day**—means a day other than a Saturday, Sunday or holiday recognized by the State of Texas.
5. **Condominium**—means the development governed by the **association** of all unit owners of which **you** are a member and in which the **residence premises** is located.
6. **Hostile fire**—means a fire that becomes uncontrollable or escapes from its intended location.
7. **Insured person(s)**—means **you** and, if a resident of **your** household:
  - a) any relative; and
  - b) any person under the age of 21 in **your** care.

Under **Family Liability Protection—Coverage X** and **Guest Medical Protection—Coverage Y**, “**insured person**” also means:

- a) any person or organization legally responsible for loss caused by animals or watercraft covered by this policy which are owned by an **insured person**. We do not cover any person or organization using or having custody of animals or watercraft in any **business**, or without permission of the owner.
- b) with respect to the use of any vehicle covered by this policy, any person while engaged in the employment of an **insured person**.
8. **Insured premises**—means:
  - a) the **residence premises**; and
  - b) under **Section II—Family Liability And Guest Medical Protection** only:
    - 1) the part of any other premises, other structures and grounds used by **you** as a residence. This includes premises, structures and grounds **you** acquire for **your** use as a private residence while this policy is in effect;
    - 2) any part of a premises not owned by an **insured person** but where an **insured person** is temporarily living;
    - 3) cemetery plots or burial vaults owned by an **insured person**;
    - 4) vacant land, other than farmland, owned by or rented to an **insured person**;
    - 5) land owned by or rented to an **insured person** where a one-, two-, three-, or four-family dwelling is being built as that person's residence;
    - 6) any premises used by an **insured person** in connection with the **residence premises**; and

- 7) any part of a premises occasionally rented to an **insured person** for other than **business** purposes.
9. **Occurrence**—means an accident, including continuous or repeated exposure to substantially the same general harmful conditions during the policy period, resulting in **bodily injury** or **property damage**.
10. **Property damage**—means physical injury to or destruction of tangible property, including loss of its use resulting from such physical injury or destruction.
11. **Residence employee**—means an employee of an **insured person** while performing duties arising out of and in the course of employment in connection with the maintenance or use of **your residence premises**. This includes similar duties performed elsewhere for an **insured person**, not in connection with the **business** of an **insured person**.  
  
However, **residence employee** does not mean the employee of the **condominium** whose duties include services in connection with the maintenance or use of the **residence premises**, regardless of whether or not **you** pay the employee directly for services performed.
12. **Residence premises**—means that premises described on the Policy Declarations used as a private residence and reserved exclusively for **your** use or occupancy.
13. **Sudden and accidental**—means damage which occurs abruptly and is unexpected and/or unintended from the standpoint of **you**.
14. **We, us, or our**—means the company named on the Policy Declarations.
15. **Windstorm**—means wind with or without precipitation.
16. **You or your**—means the person listed under Named Insured(s) on the Policy Declarations as the insured and that person's resident spouse.

### Insuring Agreement

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

Subject to the terms of this policy, the Policy Declarations shows the location of the **residence premises**, applicable coverages, limits of liability and premiums. The policy applies only to losses or **occurrences** that take place during the policy period. The Policy Period is shown on the Policy Declarations. This policy is not complete without the Policy Declarations.

This policy imposes joint obligations on the Named Insured(s) listed on the Policy Declarations and on that person's resident spouse. These persons are defined as **you** or **your**. This means that the responsibilities, acts and omissions of a person defined as **you** or **your** will be binding upon any other person defined as **you** or **your**.

### Conformity To State Statutes

When the policy provisions conflict with the statutes of the state in which the **residence premises** is located, the provisions are amended to conform to such statutes.

### Coverage Changes

When **we** broaden coverage during the premium period without charge, **you** have the new features if **you** have the coverage to which they apply. Otherwise, the policy can be changed only by endorsement.

The coverage provided and the premium for the policy are based on information **you** have given **us**. **You** agree to cooperate with **us** in determining if this information is correct and complete.

Any calculation of **your** premium or changes in **your** coverage will be made using the rules, rates and forms on file, if required, for **our** use in **your** state. The rates in effect at the beginning of **your** current premium period will be used to calculate any change in **your** premium.

### Policy Transfer

**You** may not transfer this policy to another person without **our** written consent.

### Continued Coverage After Your Death

If **you** die, coverage will continue until the end of the current policy period for:

1. **your** legal representative while acting as such, but only with respect to the **residence premises** and property covered under this policy on the date of **your** death.
2. an **insured person**, and any person having proper temporary custody of **your** property until a legal representative is appointed and qualified.

### 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.

### Dividend Provision

To the extent and upon the conditions fixed and determined from time to time by **our** Board of Directors in accordance with the provisions of the Texas Insurance Code of 1951, as amended, **you** shall be entitled to participate in a distribution of **our** surplus.

### Cancellation

1. **You** may cancel this policy at any time by notifying **us** of the date cancellation is to take effect. If **you** cancel, **your** return premium, if any, will be calculated on a pro rata basis and refunded not later than the 15th **business day** after the effective date of cancellation.
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 the inspection report is received by **us**.

3. **We** may 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.
  - 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 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 paragraph 3 above 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** return premium, if any, will be calculated on a pro rata basis and refunded not later than the 15th **business day** after the effective date of cancellation.
6. **We** may not cancel this policy solely because **you** are an elected official.

### 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 paragraph 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 Policy Declarations and any mortgagee named on the Policy Declarations, 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.

### Charge For Insufficient Funds

If at any time, **your** payment of any premium amount due is made by check, electronic transaction or other remittance which is not honored because of insufficient funds or closed account, **you** will be charged a fee.

### Conditional Reinstatement

If **we** mail a cancellation notice because **you** did not pay the required premium amount when due and **you** then tender payment by check, draft or other remittance which is not honored upon presentation, **your** policy will terminate on the date and time shown on the cancellation notice and any notice **we** issue which waives the cancellation or reinstates coverage is void. This means that **we** will not be liable under this policy for claims or damages after the date and time indicated on the cancellation notice.

### Misrepresentation, Fraud Or Concealment

To the extent permitted by Texas Insurance Code sections 705.003 and 705.004, this policy is void if obtained by misrepresentation, fraud, or concealment of material fact. If **we** determine that this policy is void, all premiums paid will be returned to **you** since there has been no coverage under this policy.

**We** do not cover any loss or **occurrence** in which any **insured person** has concealed or misrepresented any material fact or circumstance.

### What Law Will Apply

This policy is issued in accordance with the laws of the state in which the **residence premises** is located and covers property or risks principally located in that state. Subject to the following paragraph, the laws of the state in which the **residence premises** is located shall govern any and all claims or disputes in any way related to this policy.

If a covered loss to property, or any other **occurrence** for which coverage applies under this policy, happens outside the state in which the **residence premises** is located, claims or disputes regarding that covered loss to property, or other covered **occurrence**, may be governed by the laws of the jurisdiction in which that covered loss to property or other covered **occurrence** happened, only if the laws of that jurisdiction would apply in the absence of a contractual choice of law provision such as this.

### Where Lawsuits May Be Brought

Subject to the following two paragraphs, any and all lawsuits in any way related to this policy, shall be brought, heard and decided only in the judicial district in which the **residence premises** is located. Any and all lawsuits

against persons not parties to this policy but involved in the sale, administration, performance, or alleged breach of this policy, or otherwise related to this policy, shall be brought, heard and decided only in the judicial district in which the **residence premises** is located, provided that such persons are subject to or consent to suit in the courts specified in this paragraph.

If a covered loss to property, or any other **occurrence** for which coverage applies under this policy, happens outside the state in which the **residence premises** is located, lawsuits regarding that covered loss to property, or other covered **occurrence**, may only be brought in the judicial district where that covered loss to property or other covered **occurrence** happened with the consent of an **insured person**.

Nothing in this provision, **Where Lawsuits May Be Brought**, shall impair any party's right to remove a state court lawsuit to a federal court or to persons not party to this policy's right to bring suit in a particular venue.

### Action Against Us

No one may bring an action against **us** unless there has been full compliance with all policy terms.

Any action against **us** to which neither the **Action Against Us** provision located in **Section I Conditions** nor the **Action Against Us** provision located in **Section II Conditions** applies must be commenced within two years and one day from the date the cause of action first accrues.

If an action is brought asserting claims relating to the existence or amount of coverage, or the amount of loss for which coverage is sought, under different coverages of this policy, the claims relating to each coverage shall be treated as if they were separate actions for the purpose of the time limit to commence action.

### Arbitration

Any claim or dispute in any way related to this policy, by an **insured person** against **us** or **us** against an **insured person**, may be resolved by arbitration only upon mutual consent of the parties. Arbitration pursuant to this provision shall be subject to the following:

1. no arbitrator shall have the authority to award punitive damages or attorney's fees;
2. neither of the parties shall be entitled to arbitrate any claims or disputes in a representative capacity or as a member of a class; and
3. no arbitrator shall have the authority, without the mutual consent of the parties, to consolidate claims or disputes in arbitration.

## Section I—Your Property

### Building Property Protection—Coverage A

#### Property We Cover Under Coverage A:

**We** will cover items of real property owned exclusively by an **insured person** that:

1. do or will comprise a part of the **residence premises**;
2. are used to service or support **your residence premises**; and

3. are **your** insurance responsibility as expressed under the governing rules of the **association**.

Real property includes only those fixtures, structures, construction materials and supplies, installations or additions, including wall-to-wall carpeting, located either within that portion of the premises used as **your residence premises** or on the **condominium** premises.

#### Property We Do Not Cover Under Coverage A:

**We** do not cover land, no matter where located, or the replacement, rebuilding, restoration, stabilization, or value of any such land.

#### Losses We Cover Under Coverage A:

**We** will cover **sudden and accidental** direct physical loss to property described in **Building Property Protection—Coverage A** except as limited or excluded in this policy.

### Personal Property Protection—Coverage C

#### Property We Cover Under Coverage C:

1. Personal property owned or used by an **insured person** anywhere in the world. When personal property is located away from the **residence premises**, coverage is limited to 10% of **Personal Property Protection—Coverage C**.

This limitation does not apply to personal property:

- a) in a newly acquired principal residence for the 30 days immediately after **you** begin to move property there; or
- b) in use at a temporary residence when a direct physical loss **we** cover makes **your residence premises** uninhabitable.

2. At **your** option, personal property owned by a guest or **residence employee** while the property is in a residence **you** are occupying.

#### Limitations On Certain Personal Property:

Limitations apply to the following groups of personal property. If personal property can reasonably be considered a part of two or more of the groups listed below, the lowest limit will apply. These limitations do not increase the amount of insurance under **Personal Property Protection—Coverage C**. The total amount of coverage for each group in any one loss is as follows:

1. \$ 200 — Property used or intended for use in a **business** while the property is away from the **residence premises**. This does not include electronic data processing equipment or the recording or storage media used with that equipment.
2. \$ 500 — Theft of any recording or storage media while such property is away from the **residence premises**, whether or not it is used with electronic data processing equipment or in a **business**. Recording or storage media includes, but is not limited to:
  - a) tapes;
  - b) CDs, DVDs and other discs;
  - c) records;
  - d) disks;

- e) reels;
  - f) cassettes;
  - g) cartridges; or
  - h) programs.
3. \$ 1,000 — Property used or intended for use in a **business**, including property held as samples or for sale or delivery after sale, while the property is on the **residence premises**. This does not include electronic data processing equipment or the recording or storage media used with that equipment.
  4. \$ 1,000 — Trading cards, subject to a maximum amount of \$250 per card.
  5. \$ 1,000 — Watercraft, including their attached or unattached trailers, furnishings, equipment, parts, and motors.
  6. \$ 1,000 — Trailers not used with watercraft.
  7. \$ 1,000 — Motorized land vehicle parts, equipment or accessories not attached to or located in or upon any motorized land vehicle.
  8. \$ 5,000 — Theft of jewelry, watches, precious and semiprecious stones, gold other than goldware, silver other than silverware, pewter other than pewterware, platinum other than platinumware, and furs, including any item containing fur which represents its principal value, subject to a maximum amount of \$1,000 per item.
  9. \$ 2,000 — Theft of firearms, their related equipment, and accessories.
  10. \$ 2,500 — Theft of goldware, silverware, pewterware and platinumware.
  11. \$ 2,500 — Motorized land vehicles used solely for the service of the **insured premises** and not licensed for use on public roads. This does not include motorized land vehicles designed for assisting the disabled and not licensed for use on public roads.
  12. \$ 10,000 — Theft of tools and their accessories.

### Property We Do Not Cover Under Coverage C:

1. Personal property specifically described and insured by this or any other insurance.
2. Animals.
3. Motorized land vehicles, including, but not limited to, any land vehicle powered or assisted by a motor or engine. **We** do not cover any motorized land vehicle parts, equipment or accessories attached to or located in or upon any motorized land vehicle. **We** do cover motorized land vehicles designed for assisting the disabled, or used solely for the

service of the **insured premises**, and not licensed for use on public roads.

4. Aircraft and aircraft parts. This does not include model or hobby craft not designed to carry people or cargo.
5. Property of roomers, boarders or tenants not related to **you**.
6. Property located away from the **residence premises** and rented or held for rental to others.
7. Property collectively owned by the unit owners of the **condominium**. However, this does not apply to **Loss Assessments–Coverage G** in **Section III** of this policy.
8. Money, bullion, bank notes, coins and other numismatic property, scrip, stored value cards, and smart cards.
9. Accounts, bills, deeds, evidences of debt, letters of credit, notes other than banknotes, checks, cashier's checks, traveler's checks, passports, securities, tickets, and stamps, including philatelic property.
10. Manuscripts, including documents stored on electronic media.

### Losses We Cover Under Coverage C:

**We** will cover **sudden and accidental** direct physical loss to the property described in **Personal Property Protection–Coverage C** caused by the following, except as limited or excluded in this policy:

1. Fire or lightning.
2. **Windstorm**, hurricane or hail.

**We** do not cover:

- a) loss to covered property inside a building structure, caused by rain, snow, sleet, sand or dust unless the wind or hail first damages the roof or walls and the wind forces rain, snow, sleet, sand or dust through the damaged roof or wall; or
  - b) loss to watercraft and their trailers, furnishings, equipment and motors unless inside a fully enclosed building structure. However, **we** do cover canoes and rowboats owned by **you** on the **condominium** premises.
3. Explosion.
  4. Riot or civil commotion, including pillage and looting during, and at the site of, the riot or civil commotion.
  5. Aircraft, including self-propelled missiles and spacecraft.
  6. Vehicles.
  7. Smoke.
  8. Vandalism and malicious mischief.

**We** do not cover vandalism or malicious mischief if **your residence premises** has been vacant or unoccupied for more than 30 consecutive days immediately prior to the vandalism or malicious mischief. A **residence premises** under construction is not considered vacant or unoccupied.

## 9. Falling objects.

**We** do not cover loss to personal property inside a building structure unless the falling object first damages the exterior walls or roof of the building structure.

10. Weight of ice, snow or sleet which causes damage to personal property in a building structure, but only if the building structure in which the **residence premises** is located is damaged due to the weight of ice, snow or sleet.

## 11. Artificially generated electrical current to electronics, electrical appliances, fixtures and wiring.

## 12. Bulging, burning, cracking or rupture of a steam or hot water heating system, an air conditioning system, an automatic fire protective sprinkler system or an appliance for heating water.

13. Water or steam that escapes from a plumbing, heating or air conditioning system, an automatic fire protective sprinkler system, or from a household appliance due to **sudden and accidental** discharge or overflow. However, **we** do not cover loss, including ensuing loss or the cost of tearing out and replacing any part of **your residence premises**, caused by the discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, household appliance or fire protective sprinkler system where the source of the discharge or overflow is either below the surface of the ground or within or below the slab or foundation of the dwelling except as specifically provided in **Section I, Additional Protection**, under item 12, **Foundation Water Damage**.

**We** do not cover loss to the system or appliance from which the water or steam escapes, or loss from water which backs up through sewers or drains or overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure.

## 14. Freezing of a plumbing, heating or air conditioning system, an automatic fire protective sprinkler system or a household appliance.

**We** do not cover loss at the **residence premises** under items 12, 13, and 14, immediately above, which is caused by freezing while the **residence premises** is vacant, unoccupied or under construction, or when freezing results from a lack of utility services at the **residence premises** to which item A.11 in **Losses We Do Not Cover Under Coverages A and C** applies, unless **you** have used reasonable care to maintain heat in the **residence premises**. If the **residence premises** is not equipped with an automatic fire protective sprinkler system, **you** may elect to shut off the water supply and drain the water from the systems and appliances instead of maintaining heat in the **residence premises**.

## 15. Theft, or attempted theft, including disappearance of property from a known place when it is likely that a theft has occurred. Any theft must be promptly reported to the police.

**We** do not cover:

- a) theft or attempted theft committed by an **insured person**;
- b) theft in or from the **residence premises** while under construction or of materials and supplies for use in construction, until the **residence premises** is completed and occupied;
- c) theft of any property while at any other residence owned, rented to or occupied by an **insured person** unless the **insured person** is temporarily residing there;
- d) theft of trailers, campers, watercraft, including furnishings, equipment and outboard motors, away from the **residence premises**; or
- e) theft from that part of the **residence premises** rented by **you** to other than an **insured person**.

16. Breakage of glass, meaning damage to covered personal property caused by breakage of glass constituting a part of any building structure on the **residence premises**. This does not include damage to the glass.**Losses We Do Not Cover Under Coverages A and C:**

- A. Under **Building Property Protection–Coverage A** and **Personal Property Protection–Coverage C** of this policy, **we** do not cover any loss which consists of, is caused by, or would not have occurred but for, one or more of the following excluded events, perils or conditions. Such loss is excluded regardless of: a) the cause or source of the excluded event, peril or condition; b) any other causes contributing concurrently or in any sequence with the excluded event, peril or condition to produce the loss; or c) whether the excluded event, peril or condition involves isolated or widespread damage, arises from natural, man-made or other forces, or arises as a result of any combination of these forces.
  - 1. Flood, including, but not limited to, surface water, waves, tidal water or overflow of any body of water, or spray from any of these, whether or not driven by wind.
  - 2. Water or any other substance that backs up through sewers or drains.
  - 3. Water or any other substance that overflows from a sump pump, sump pump well or other system designed for the removal of subsurface water which is drained from a foundation area of a structure.
  - 4. Water or any other substance on or below the surface of the ground. This includes water or any other substance which exerts pressure on, or flows, seeps or leaks through any part of the **residence premises**.

**We** do cover **sudden and accidental** direct physical loss caused by fire or explosion resulting from items 1 through 4 listed above.

- 5. Earth movement of any type, including, but not limited to, earthquake, volcanic eruption, lava flow, landslide, subsidence, mudflow, pressure, sinkhole, erosion, or the sinking, rising, shifting, creeping, expanding, bulging, cracking, settling or contracting of the earth. This exclusion applies whether or not the earth movement is combined with water.

**We** do cover **sudden and accidental** direct physical loss caused by fire or explosion resulting from earth movement.



6. Actions taken by civil, governmental or military authorities:
- to enforce any building codes, ordinances or laws regulating or requiring the construction, reconstruction, maintenance, replacement, repair, placement or demolition of the **residence premises** or any other structure at the **condominium**; or
  - requesting, demanding or ordering that an **insured person** test for, monitor, clean up, remove, contain, treat, detoxify, decontaminate, or neutralize, or in any way respond to or assess the effects of, any loss or potential loss at the **residence premises**.

However, **we** will cover **sudden and accidental** direct physical loss caused by actions of civil, governmental or military authority to prevent the spread of fire.

7. Nuclear hazard, meaning nuclear reaction, discharge, radiation or radioactive contamination, or any consequence of any of these. Loss which consists of, is caused by, or would not have occurred but for, the nuclear hazard is not considered loss by fire, explosion or smoke.
8.
  - War, whether declared or undeclared;
  - warlike acts;
  - invasion;
  - insurrection;
  - rebellion;
  - revolution;
  - civil war;
  - usurped power;
  - destruction for a military purpose; or
  - action taken by civil, governmental or military authority to hinder or defend against an actual or impending enemy act.
9. Soil conditions, including, but not limited to, corrosive action, chemicals, compounds, elements, suspensions, crystal formations or gels in the soil.
10. Vapors, fumes, smoke, smog, soot, alkalis, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials, or other irritants, contaminants or pollutants.

However, **we** will not apply this exclusion to **sudden and accidental** direct physical loss which consists of, is caused by, or would not have occurred but for:

- a fire or an explosion at **your residence premises**;
- smoke or soot resulting from food preparation at **your residence premises**;
- the malfunction of a heating or air conditioning system or a household appliance at **your residence premises**;
- smoke, soot or fumes originating away from **your residence premises**, provided the smoke, soot or fumes:

- were not from industrial, governmental or military operations, agricultural smudging, or the manufacturing of any controlled substance; and
  - did not result from nuclear hazard, meaning nuclear reaction, discharge, radiation or radioactive contamination, or any consequence of any of these;
- spray, overspray, spatter, or spillage, by a person located on the ground at the **residence premises** of lawfully possessed, commercially available supplies manufactured or produced for use in food preparation, personal hygiene, or for cleaning or maintaining a residential property or personal property;
  - spray, overspray, spatter or spillage of lawfully possessed, commercially available supplies by a person performing cleaning or other maintenance services at a premises located within 500 feet of the **residence premises**;
  - spillage or release at **your residence premises** of gas or oil, in any form, used to prepare foods at **your residence premises**, or to heat **your residence premises**, when such spillage or release results in a fire or an explosion at **your residence premises**; or
  - fuel, oil or other fluids necessary to operate a motorized land vehicle if, at the time of the loss, such fuel, oil or other fluids are being used solely for the purpose of operating a motorized land vehicle and the loss results from a collision, at the **residence premises**, of the motorized land vehicle with property **we** cover under **Building Property Protection-Coverage A** or **Personal Property Protection-Coverage C**.

11. Lack of utility services at the **residence premises**, meaning loss or interruption of, lack or loss of access to, or unavailability of, one or more utility services for the **residence premises**, including, but not limited to, electric, natural gas or other fuels, water, sanitation, sewer, cable or communication services, unless the lack of utility services results solely from a **sudden and accidental** direct physical loss to property located at the **residence premises** caused by an event, peril or condition not excluded by this policy.

When the lack of utility services results in freezing of:

- plumbing, automatic fire protective sprinkler systems, heating or air conditioning systems;
- household appliances; or
- swimming pools, hot tubs or spas located within a heated portion of the **residence premises**, or their filtration and circulation systems located within a heated portion of the **residence premises**;

or when the lack of utility services results in discharge, leakage or overflow from within a), b) or c) above caused by freezing, **we** do cover **sudden and accidental** direct physical loss caused by the freezing if **you** used reasonable care to maintain heat in the **residence premises**. If the **residence premises** is not equipped with an automatic fire protective sprinkler system, **you** may elect to shut off the water supply and drain the water from the systems,

appliances, swimming pools, hot tubs, spas and their filtration and circulation systems instead of maintaining heat in the **residence premises**.

12. Inability of an **insured person** to use, access or remain at the **residence premises** due to an actual, impending or expected lack, impassability or unavailability of any reasonable means of ingress to or egress from the **residence premises**, including, but not limited to, roads, highways, causeways, sidewalks, paths, rails, bridges, tunnels or waterways.

For purposes of this exclusion, a particular means of ingress or egress will be considered impassable or unavailable if:

- a) it cannot be safely traveled due to physical damage or destruction of that means of ingress or egress; or
- b) it cannot be traveled due to actions by others, including, but not limited to, civil, governmental or military authorities which prohibit or restrict travel using that means of ingress or egress.

13. Seizure, confiscation or quarantine by civil, governmental or military authority.

**We** will cover **sudden and accidental** direct physical loss caused by actions of civil, governmental or military authority to prevent the spread of fire.

14. The manufacturing of any controlled substance.
15. Weather Conditions that contribute in any way with an event, peril or condition excluded under **Losses We Do Not Cover Under Coverages A and C** to produce a loss.

- B. Under **Building Property Protection–Coverage A** and **Personal Property Protection–Coverage C** of this policy, **we** do not cover any loss consisting of or caused by mold, fungus, wet rot, dry rot or other microbes. This includes any loss which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or other microbes.

This exclusion applies regardless of whether mold, fungus, wet rot, dry rot or other microbes arises from any other cause of loss, including, but not limited to, a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except as specifically provided in **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Or Other Microbes Remediation As A Direct Result Of A Covered Water Loss**. This exclusion does not apply to the repair, replacement, or debris removal of covered property for a loss covered in **Section I** that does not require **remediation** as described in **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Or Other Microbes Remediation As A Direct Result Of A Covered Water Loss**.

- C. When loss is not excluded under paragraph A or paragraph B of **Losses We Do Not Cover Under Coverages A and C**, and there are two or more causes of loss to the covered property, **we** do not cover the loss if

the predominant cause(s) of loss is (are) excluded under paragraph D, immediately below.

- D. Under **Building Property Protection–Coverage A** and **Personal Property Protection–Coverage C** of this policy, **we** do not cover any loss consisting of or caused by one or more of the following excluded events, perils or conditions. Such loss is excluded regardless of whether the excluded event, peril or condition involves isolated or widespread damage, arises from natural, man-made or other forces, or arises as a result of any combination of these forces.

1. The failure by any **insured person** to take all reasonable steps to save and preserve property when the property is endangered by a cause of loss **we** cover.
2. Intentional or criminal acts of or at the direction of any **insured person**, if the loss that occurs is the intended result of such acts.

This exclusion applies regardless of whether the **insured person** is actually charged with, or convicted of, a crime.

This exclusion will not apply to an innocent spouse or **insured person** who did not contribute to such loss or to the interest of an innocent spouse or **insured person** in the damaged property.

3. Collapse, except as specifically provided in **Section I Additional Protection** under item 9, “**Collapse**.”
4.
  - a) Wear and tear, aging, marring, scratching, deterioration, inherent vice, or latent defect;
  - b) mechanical breakdown;
  - c) growth of trees, shrubs, plants or lawns, regardless of whether such growth is above or below the surface of the ground;
  - d) rust or other corrosion;
  - e) settling, cracking, shrinking, bulging or expansion of pavements, patios, foundations, walls, floors, roofs or ceilings; or
  - f) insects, rodents, birds or domestic animals. **We** do cover the breakage of glass or safety glazing materials caused by birds.

With respect to covered assessments under **Loss Assessments–Coverage G** in **Section III** of this policy, if any of a) through f) causes the **sudden and accidental** escape of water or steam from a plumbing, heating or air conditioning system, a household appliance or an automatic fire protective sprinkler system within **your condominium**, **we** cover the direct physical damage caused by the water or steam.

If loss to covered property is caused by water or steam not otherwise excluded, **we** will cover the cost of tearing out and replacing any part of **your residence premises** necessary to repair the system or appliance. This does not include damage to the defective system or appliance from which the water or steam escaped.

5. Freezing of:
  - a) plumbing, automatic fire protective sprinkler systems, heating or air conditioning systems;
  - b) household appliances; or
  - c) swimming pools, hot tubs or spas located within a heated portion of the **residence premises**, or their filtration and circulation systems located within a heated portion of the **residence premises**;

or discharge, leakage or overflow from within a), b) or c) above, caused by freezing, while the **residence premises** is vacant, unoccupied or being constructed, unless **you** have used reasonable care to maintain heat in the **residence premises**. If the **residence premises** is not equipped with an automatic fire protective sprinkler system, **you** may elect to shut off the water supply and drain the water from the systems, appliances, swimming pools, hot tubs, spas and their filtration and circulation systems instead of maintaining heat in the **residence premises**. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.

6. Freezing, thawing, pressure or weight of water, snow or ice, whether or not driven by wind. This exclusion applies to fences, pavements, patios, foundations, retaining walls, bulkheads, piers, wharves and docks. This exclusion also applies to swimming pools, hot tubs, spas, and their filtration and circulation systems, which are not located within a heated portion of the **residence premises**.
7. Seepage, meaning continuous or repeated seepage or leakage over a period of weeks, months, or years, of water, steam or fuel:
  - a) from a plumbing, heating, air conditioning or automatic fire protective sprinkler system within the **condominium** or from within a domestic appliance; or
  - b) from, within or around any plumbing fixtures, including, but not limited to, shower stalls, shower baths, tub installations, sinks or other fixtures designed for the use of water or steam.
8. Theft from **your residence premises** while **your residence premises** is under construction, or of materials and supplies for use in construction, until **your residence premises** is completed and occupied.
9. Vandalism or malicious mischief if **your residence premises** is vacant or unoccupied for more than 30 consecutive days immediately prior to the vandalism or malicious mischief. A **residence premises** under construction is not considered vacant or unoccupied.
10. Planning, Construction or Maintenance, meaning faulty, inadequate or defective:
  - a) planning, zoning, development, surveying, siting;
  - b) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

- c) materials used in repair, construction, renovation or remodeling; or
- d) maintenance;

of property whether on or off the **residence premises** by any person or organization.

## Section I Additional Protection

### 1. Additional Living Expense

- a) **We** will pay the reasonable increase in living expenses necessary to maintain **your** normal standard of living when a direct physical loss **we** cover under **Building Property Protection-Coverage A** or **Personal Property Protection-Coverage C** makes **your residence premises** uninhabitable. However, additional living expense due to remediation of mold, fungus, wet rot, dry rot or other microbes will not be paid in addition to any amounts paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Or Other Microbes Remediation As A Direct Result Of A Covered Water Loss**.

Payment for additional living expense as a result of a covered loss under **Building Property Protection-Coverage A** or **Personal Property Protection-Coverage C** will be limited to the least of the following:

- 1) the time period required to repair or replace the property **we** cover, using due diligence and dispatch;
  - 2) if **you** permanently relocate, the shortest time for **your** household to settle elsewhere; or
  - 3) 24 months.
- b) **We** will pay **your** lost fair rental income resulting from a covered loss under **Building Property Protection-Coverage A** or **Personal Property Protection-Coverage C**, less charges and expenses which do not continue, when a loss **we** cover under **Building Property Protection-Coverage A** or **Personal Property Protection-Coverage C** makes the part of the **residence premises** **you** rent to others, or hold for rental, uninhabitable. **We** will pay for lost fair rental income for the shortest time required to repair or replace the part rented or held for rental but not to exceed 24 months. In no event shall **our** payment for additional living expenses, including lost fair rental income, exceed the Limit Of Liability shown on **your** Policy Declarations for Additional Living Expense. However, payment for **your** lost fair rental income due to remediation of mold, fungus, wet rot, dry rot or other microbes will not be paid in addition to any amounts paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Or Other Microbes Remediation As A Direct Result Of A Covered Water Loss**.

These periods of time are not limited by the termination of this policy.

In no event shall **our** payment for additional living expenses exceed the Limit Of Liability shown on **your** Policy Declarations for Additional Living Expense.

**We** do not cover any lost income or expense due to the cancellation of a lease or agreement.

No deductible applies to this protection.

2. **Civil, Governmental And Military Authorities**

**We** will pay the reasonable and necessary increase in living expenses and lost fair rental income for up to two weeks should civil, governmental or military authorities prohibit the use of the **residence premises** due to a loss at a neighboring premises caused by an event, peril or condition **we** insure against under **Building Property Protection–Coverage A** or **Personal Property Protection–Coverage C**. However, payments for increase in living expenses or **your** lost fair rental income due to remediation of mold, fungus, wet rot, dry rot or other microbes will not be paid in addition to any amounts paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Or Other Microbes Remediation As A Direct Result Of A Covered Water Loss**.

The two-week period of time referenced above is not limited by the termination of this policy.

No deductible applies to this protection.

3. **Debris Removal**

**We** will pay reasonable expenses **you** incur to remove debris of covered property damaged by a loss **we** cover. If the loss to the covered property and the cost of debris removal are more than the Limit Of Liability shown on the Policy Declarations for the covered property, **we** will pay up to an additional 5% of that limit for debris removal.

4. **Emergency Removal Of Property**

**We** will pay for **sudden and accidental** direct physical loss to covered property from any cause while removed from a premises because of danger from a loss **we** cover. Protection is limited to a 30 day period from date of removal. This protection does not increase the limit of liability that applies to the covered property.

5. **Fire Department Charges**

**We** will pay up to \$500 for service charges made by fire departments called to protect **your** property from a loss **we** cover at the **residence premises**.

No deductible applies to this protection.

6. **Temporary Repairs After A Loss**

**We** will reimburse **you** up to \$2,000 for the reasonable and necessary cost **you** incur for temporary repairs to protect covered property from further imminent covered loss following a loss **we** cover. This coverage does not increase the limit of liability applying to the property being repaired.

7. **Power Interruption**

**We** will pay up to \$500 for loss to the contents of freezers and refrigerated units on the **residence premises** caused by the interruption of power which occurs off the **residence premises**. If a power

interruption is known to an **insured person**, all reasonable means must be used to protect the contents of freezers and refrigerated units.

This coverage does not increase the limit of liability applying to the damaged property.

8. **Arson Reward**

**We** will pay up to \$5,000 for information leading to an arson conviction in connection with a fire loss to property covered under **Section I** of this policy. The \$5,000 limit applies regardless of the number of persons providing information.

9. **Collapse**

**We** will cover at the **residence premises** direct physical loss to covered property caused by:

- a) the entire collapse of the building structure in which the **residence premises** is located; or
- b) the entire collapse of part of the building structure in which the **residence premises** is located.

For coverage to apply, the collapse of the building structure specified in a) or b) above must be a **sudden and accidental** direct physical loss caused by one or more of the following:

- a) a loss **we** cover under **Section I, Personal Property Protection–Coverage C**;
- b) weight of persons, animals, equipment or contents;
- c) weight of rain, snow or ice which collects on a roof; or
- d) defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

Collapse, as referenced herein, means all or part of the building structure in which the **residence premises** is located has actually fallen down or fallen into pieces unexpectedly and instantaneously. It does not include settling, cracking, shrinking, bulging, expansion, sagging, or bowing. Furthermore, collapse does not include or mean substantial structural impairment or imminent collapse.

Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, fuel oil tank, septic tank, cistern or similar system, foundation, retaining wall, bulkhead, pier, wharf or dock is not included, unless the loss is a direct result of the collapse of all or part of a building structure in which the **residence premises** is located and that loss is a **sudden and accidental** direct physical loss caused by one or more of the following:

- a) a loss **we** cover under **Section I, Personal Property Protection–Coverage C**;
- b) weight of persons, animals, equipment or contents;
- c) weight of rain, snow or ice which collects on a roof; or
- d) defective methods or materials used in construction, repair, remodeling or renovation, but only if the collapse occurs in the course of such construction, repair, remodeling or renovation.

This coverage does not increase the limit of liability applying to the covered property.

#### 10. Lock Replacement

When a key to a lock is stolen as part of a covered theft loss, **we** will pay, under **Building Property Protection–Coverage A** up to \$500 for the reasonable expenses **you** incur to replace or re-key exterior door locks at the **residence premises** with locks or cylinders of like kind and quality.

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

#### 11. Foundation Water Damage

In the event of **sudden and accidental** discharge or overflow of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system where the source of the discharge or overflow is located within or below the slab or foundation of the **condominium**, **we** will pay up to the amount shown on the Policy Declarations for:

- tearing out and replacing any part of the **condominium** necessary to access, repair or replace that part of such system; and
- loss to property covered under **Building Property Protection–Coverage A** and **Personal Property Protection–Coverage C** that results from the **sudden and accidental** escape of water or steam from within a plumbing, heating or air conditioning system, household appliance, fire protection or sprinkler system located within the slab or foundation of the **condominium**.

This coverage does not include damage to the system from which the water or steam escaped.

### Section I Conditions

#### 1. Deductible

**We** will pay when a covered loss exceeds the applicable deductible shown on the Policy Declarations. **We** will then pay only the excess amount, unless **we** have indicated otherwise in this policy.

#### 2. Insurable Interest And Our Liability

In the event of a covered loss, **we** will not pay for more than an **insured person's** insurable interest in the property covered, nor more than the amount of coverage afforded by this policy.

**Section 862.053. 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 subsection shall not apply to personal property.

#### 3. What You Must Do After A Loss

In the event of a loss to any property that may be covered by this policy, **you** must:

- promptly give **us** or **our** agent notice. Report any theft to the police as soon as possible.
- protect the property from further loss. Make any reasonable repairs necessary to protect it. Keep an accurate record of any repair expenses.

- separate damaged from undamaged personal property. Give **us** a detailed list of the damaged, destroyed or stolen property, showing the quantity, cost, actual cash value and the amount of loss claimed.
- give **us** all accounting records, bills, invoices and other vouchers, or certified copies, which **we** may reasonably request to examine and permit **us** to make copies.
- produce receipts for any increased costs to maintain **your** standard of living while **you** reside elsewhere, and records supporting any claim for loss of rental income.
- as often as **we** reasonably require:
  - show **us** the damaged property. **We** have a right to reasonable and safe opportunities to view and inspect the loss as often as necessary, unimpeded by actions of **you** or others, including, but not limited to, civil, governmental or military authorities, that prevent **us** from viewing and inspecting the loss. **We** may require **you** to accompany **us** when **we** conduct these activities.
  - at **our** request, submit to examinations under oath, separately and apart from any other person defined as **you** or **insured person** and sign a transcript of the same. A parent or guardian may be present during any examination of a minor.
  - produce representatives, employees, members of the **insured person's** household or others to the extent it is within the **insured person's** power to do so.
- Upon **our** request, send to **us** **your** signed sworn proof of loss within 91 days of the date of **our** request. This statement must include the following information:
  - the date, time, location and cause of loss;
  - the interest **insured persons** and others have in the property, including any encumbrances;
  - any other insurance that may cover the loss;
  - any changes in title, use, occupancy or possession of the property that have occurred during the policy period;
  - at **our** request, the specifications of any damaged building alteration, improvement, or any other real property that is **your** insurance responsibility as expressed in the governing rules of the **condominium**.
  - the estimated or actual cost to repair or replace the property stolen or damaged by the loss with materials of like kind and quality;
  - the amount **you** have actually spent to repair or replace the property stolen or damaged by the loss; and
  - in the event that **you** give **us** a signed proof of loss, and after submitting that to **us**, **you** determine that **you** want to include a claim for additional damage or loss, **you** must submit to **us** a supplemental proof of loss which identifies the amount of the additional loss for each item damaged or stolen.

**We** have no duty to provide coverage under this section if **you**, an **insured person**, or a representative of either fail to comply with items a) through g) above, and this failure to comply is prejudicial to **us**.

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

- a) Within 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, method and content of **our** acknowledgment;
  - 2) begin any investigation of the claim; and
  - 3) specify the information **you** must provide in accordance with **Section I Conditions**, item 3, **What You Must Do After A Loss**.

**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 reasons 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.

#### 5. **Our Settlement Options**

In the event of a covered loss, **we** have the option to:

- a) repair, rebuild or replace all or any part of the damaged, destroyed or stolen property with property of like kind and quality within a reasonable time; or
- b) pay for all or any part of the damaged, destroyed or stolen property as described in Condition 6, "**How We Pay For A Loss**."

Within 30 days after **we** receive **your** signed, sworn proof of loss, **we** will notify **you** of the option or options **we** intend to exercise.

#### 6. **How We Pay For A Loss**

Under **Building Property Protection–Coverage A** and **Personal Property Protection–Coverage C**, payment for covered loss will be by one or more of the following methods:

- a) Special Payment. At **our** option, **we** may make payment for a covered loss before **you** repair, rebuild or replace the damaged, destroyed or stolen property if:
  - 1) the whole amount of loss for property covered under **Building Property Protection–Coverage A**, without deduction for depreciation, is less than \$1,000 and if the property is not excluded from the Building Property Reimbursement provision; or

- 2) the whole amount of loss for property covered under **Personal Property Protection–Coverage C**, without deduction for depreciation, is less than \$2,500, if **your** Policy Declarations shows that the Personal Property Reimbursement provision applies, and the property is not excluded from the Personal Property Reimbursement provision.

- b) Actual Cash Value. If **you** do not repair or replace the damaged, destroyed or stolen property, payment will be on an actual cash value basis. This means there may be a deduction for depreciation. Payment will not exceed the Limit Of Liability shown on the Policy Declarations for the coverage that applies to the damaged, destroyed or stolen property, regardless of the number of items involved in the loss.

**You** may make claim for additional payment as described in paragraph c) and paragraph d) below if applicable, if **you** repair or replace the damaged, destroyed or stolen covered property within 365 days after the loss unless **you** request in writing that this time limit be extended for an additional 180 days.

- c) Building Property Reimbursement. Under **Building Property Protection–Coverage A**, **we** will make additional payment to reimburse **you** for cost in excess of actual cash value if **you** repair, rebuild or replace damaged, destroyed or stolen covered property within 365 days after the loss unless **you** request in writing that this time limit be extended for an additional 180 days. This additional payment includes the reasonable and necessary expense for treatment or removal and disposal of contaminants or pollutants as required to complete repair or replacement of that part of **your residence premises** which are **your** insurance responsibility as expressed or implied under the governing rules of the **condominium**, damaged by a covered loss. This additional payment shall not include any amounts which may be paid or payable under **Section I Conditions, Mold, Fungus, Wet Rot And Dry Rot Or Other Microbes Remediation As A Direct Result Of A Covered Water Loss**, and shall not be payable for any losses excluded in **Section I—Your Property**, under **Losses We Do Not Cover Under Coverages A and C**, paragraph B.

This provision applies only when the covered property is situated within that portion of the **residence premises** used exclusively by **you** and made or acquired at **your** expense.

Building Property Reimbursement will not exceed the smallest of the following amounts:

- 1) the replacement cost of the part(s) of the building property with equivalent construction for similar use on the same **residence premises**;
- 2) the amount actually and necessarily spent to repair or replace the damaged building property with equivalent construction for similar use on the same **residence premises**; or

- 3) the Limit Of Liability applicable to the building property as shown on the Policy Declarations for **Building Property Protection-Coverage A**.

Building Property Reimbursement payment will be limited to the difference between any actual cash value payment made for the covered loss to building property and the smallest of 1), 2) or 3) above.

Building Property Reimbursement will not apply to:

- 1) property covered under **Personal Property Protection-Coverage C**; or
- 2) wall to wall carpeting, fences, awnings and outdoor antennas, whether or not fastened to a building structure.

Payment under a), b) or c) above will not include any increased cost due to the enforcement of building codes, ordinances or laws regulating or requiring the construction, reconstruction, maintenance, replacement, repair, relocation or demolition of building property or other structures.

- d) **Personal Property Reimbursement**. When the Policy Declarations shows that the Personal Property Reimbursement provision applies under **Personal Property Protection-Coverage C**, we will make additional payment to reimburse **you** for cost in excess of actual cash value if **you** repair, rebuild or replace damaged, destroyed or stolen covered personal property or wall to wall carpeting within 365 days of the loss.

Personal Property Reimbursement payment will not exceed the smallest of the following amounts:

- 1) the amount actually and necessarily spent to repair or replace the property with similar property of like kind and quality;
- 2) the cost of repair or restoration; or
- 3) the Limit Of Liability shown on the Policy Declarations for **Personal Property Protection-Coverage C**, or any special limit of liability described in the policy, regardless of the number of items of personal property involved in the loss.

Personal Property Reimbursement will be limited to the difference between any actual cash value payment made for the covered loss to personal property and the smallest of 1), 2) or 3) above.

Personal Property Reimbursement will not apply to:

- 1) property insured under **Building Property Protection-Coverage A**, except wall to wall carpeting;
- 2) antiques, fine arts, paintings, statuary and similar articles which, by their inherent nature, cannot be replaced;
- 3) articles whose age or history contribute substantially to their value. This includes, but is not limited to, memorabilia, souvenirs and collector's items;
- 4) property that was outdated or obsolete and stored or not being used prior to the loss; or
- 5) motorized land vehicles used solely for the service of the **insured premises** and not licensed for use on public roads. This does not include motorized land vehicles designed for

assisting the disabled and not licensed for use on public roads.

#### 7. **Our Settlement Of Loss**

**We** will settle any covered loss with **you** unless some other person or entity is named in the policy. **We** will settle within 5 **business days** after the amount of loss is finally determined. This amount may be determined by an agreement between **you** and **us**, an appraisal award or a court judgment.

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.

#### 8. **Appraisal**

If **you** and **we** fail to agree on the amount of loss, either party may make written demand for an appraisal. Upon such demand, each party must select a competent and impartial appraiser and notify the other of the appraiser's identity within 20 days after the demand is received. The appraisers will select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire.

The appraisers shall then determine the amount of loss, stating separately the actual cash value and the amount of loss to each item. If the appraisers submit a written report of an agreement to **you** and to **us** the amount agreed upon shall be the amount of loss. If they cannot agree, they will submit their differences to the umpire. A written award agreed upon by any two will determine the amount of loss.

Each party will pay the appraiser it chooses, and equally bear expenses for the umpire and all other appraisal expenses.

#### 9. **Abandoned Property**

**We** are not obligated to accept any property or responsibility for any property abandoned by an **insured person**.

#### 10. **Permission Granted To You**

- a) The **residence premises** may be vacant or unoccupied for any length of time, except where a time limit is indicated in this policy. A **residence premises** under construction is not considered vacant.
- b) **You** may make alterations, additions or repairs, and **you** may complete structures under construction.

#### 11. **Our Rights To Recover Payment**

When **we** pay for any loss, an **insured person's** right to recover from anyone else becomes **ours** up to the amount **we** have paid. An **insured person** must protect these rights and help **us** enforce them. **You** may waive **your** rights to recover against another person for loss involving the property covered by this policy. This waiver must be in writing prior to the date of loss.



## 12. **Our Rights To Obtain Salvage**

**We** have the option to take all or any part of the damaged or destroyed covered property upon replacement by **us** or payment of the agreed or appraised value.

**We** will notify **you** of **our** intent to exercise this option within 30 days after **we** receive **your** signed, sworn proof of loss. If no signed, sworn proof of loss is requested by **us**, **we** will notify **you** of **our** intent to exercise this option within 60 days after the date **you** report the loss to **us**.

When **we** settle any loss caused by theft or disappearance, **we** have the right to obtain all or part of any property which may be recovered. An **insured person** must protect this right and inform **us** of any property recovered. **We** will inform **you** of **our** intent to exercise this right within 10 days of **your** notice of recovery to **us**.

## 13. **Action Against Us**

No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under a coverage to which **Section I Conditions** applies, unless:

- a) there has been full compliance with all policy terms; and
- b) the action is commenced within two years and one day from the date the cause of action first accrues; and
- c) in the event that **you** and **we** fail to agree on the amount of loss claimed by **you**, unless **you** have previously provided to **us** a signed sworn proof of loss, it is a condition under this **Action Against Us** provision that no later than 91 days prior to commencing any action against **us** that **we** receive from **you** a signed sworn proof of loss, which contains, to the best of **your** knowledge and belief, the following information:
  - 1) the date, time, location and cause of loss;
  - 2) the interest **insured persons** and others have in the property, including any encumbrances;
  - 3) any other insurance that may cover the loss;
  - 4) any changes in title, use, occupancy or possession of the property that have occurred during the policy period;
  - 5) at **our** request, the specifications of any damaged **building structure** or other structure;
  - 6) the estimated or actual cost to repair or replace the property stolen or damaged by the loss with materials of like kind and quality;
  - 7) the amount **you** have actually spent to repair or replace the property stolen or damaged by the loss; and
  - 8) in the event that **you** give **us** a signed proof of loss, and after submitting that to **us**, **you** determine that **you** want to include a claim for additional damage or loss, **you** must submit to **us** a supplemental proof of loss which identifies the amount of the additional loss for each item damaged or stolen.

- d) If after **we** receive **your** proof of loss as described in paragraph c) above, **you** and **we** are still not able to agree on the amount of loss, then either

party may make a written demand for an appraisal, as described in **Section I Conditions, Appraisal**. If this demand for appraisal is made before an action is filed against **us** in a court of competent jurisdiction, then the appraisal must occur before a suit can be filed against **us**. If the demand for appraisal is made after an action has been filed against **us** in a court of competent jurisdiction, then the parties agree to ask the court to abate the further proceeding of that action until the appraisal is completed and a determination of the amount of loss is made as described in **Section I Conditions, Appraisal**.

To initiate the appraisal process either party must provide written notice of the dispute to the other party and make a written demand for appraisal of the amount of loss.

The time limit stated in item b) shall be suspended from the date of the first written demand for appraisal until the date of the appraisal award.

## 14. **Loss To A Pair Or Set**

If there is a covered loss to a pair or set, **we** may:

- a) repair or replace any part of the pair or set to restore it to its actual cash value before the loss; or
- b) pay the difference between the actual cash value of the pair or set before and after the loss.

## 15. **Glass Replacement**

Payment for loss to covered glass includes the cost of using safety glazing materials when required by law.

## 16. **No Benefit To Bailee**

This insurance will not benefit any person or organization that may be caring for or handling **your** property for a fee.

## 17. **Other Insurance**

If at the time of loss there is other insurance in the name of the **condominium** covering the same property which is covered by this policy, the insurance afforded by this policy will be excess over the amount recoverable under such other insurance.

Otherwise, if both this insurance and other insurance apply to a loss, **we** will pay **our** share. **Our** share will be the proportionate amount of all applicable insurance. However, in the event of loss by theft, this insurance shall be excess over any other insurance that covers loss by theft.

This condition does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.

## 18. **Property Insurance Adjustment**

At each policy renewal, **we** may increase the Limit Of Liability shown on the Policy Declarations for **Personal Property Protection-Coverage C** to reflect the minimum amount of insurance coverage **we** are willing to issue for the succeeding policy period under **Personal Property Protection-Coverage C**.

Any adjustment in the limit of liability for **Personal Property Protection-Coverage C** will result in an adjustment in the limit of



liability for **Building Property Protection–Coverage A** in accordance with **our** manual of Rules and Rates.

Any adjustment in premium resulting from the application of this condition will be made based on premium rates in use by **us** at the time a change in limits is made.

**We** will not reduce the Limit Of Liability shown on the Policy Declarations without **your** consent. **You** agree that it is **your** responsibility to ensure that each of the Limits Of Liability shown on the Policy Declarations are appropriate for **your** insurance needs. If **you** want to increase or decrease any of the Limits Of Liability shown on the Policy Declarations, **you** must contact **us** to request such a change.

#### 19. **Mortgagee**

A covered loss will be payable to the mortgagee(s) named on the Policy Declarations, to the extent of their interest and in the order of precedence. All provisions of **Section I** of this policy apply to these mortgagees.

**We** will:

- a) protect the mortgagee's interest in covered building property in the event of an increase in hazard, intentional or criminal acts of, or directed by, an **insured person**, failure by any **insured person** to take all reasonable steps to save and preserve property after a loss, a change in ownership, or foreclosure if the mortgagee has no knowledge of these conditions; and
- b) give the mortgagee at least ten days' notice if **we** cancel this policy.

The mortgagee will:

- a) furnish proof of loss within 91 days after notice of the loss if an **insured person** fails to do so;
- b) pay upon demand any premium due if an **insured person** fails to do so;
- c) notify **us** in writing of any change of ownership or occupancy or any increase in hazard of which the mortgagee has knowledge;
- d) give **us** the mortgagee's right of recovery against any party liable for loss; and
- e) after a loss, and at **our** option, permit **us** to satisfy the mortgage requirements and receive full transfer of the mortgage.

This mortgagee interest provision shall apply to any trustee or loss payee or other secured party.

#### 20. **Mold, Fungus, Wet Rot And Dry Rot Or Other Microbes Remediation As A Direct Result Of A Covered Water Loss**

In the event of a covered water loss under **Building Property Protection–Coverage A** or **Personal Property Protection–Coverage C**, **we** will pay up to \$5,000 for mold, fungus, wet rot, dry rot or other microbes **remediation**.

**Remediation** means the reasonable and necessary treatment, removal or disposal of mold, fungus, wet rot, dry rot or other microbes as required to complete repair or replacement of property **we** cover under

**Building Property Protection–Coverage A** or **Personal Property Protection–Coverage C** damaged by a covered water loss, including payment for any reasonable increase in living expenses necessary to maintain **your** normal standard of living if mold, fungus, wet rot, dry rot or other microbes makes **your residence premises** uninhabitable. **Remediation** also includes any investigation or testing to detect, measure or evaluate mold, fungus, wet rot, dry rot or other microbes.

This Condition does not increase the limits of liability under **Building Property Protection–Coverage A** or **Personal Property Protection–Coverage C**.

#### 21. **Catastrophe Claims**

If a claim results from a weather-related catastrophe or a major natural disaster, each claim-handling deadline shown under the **What You Must Do After A Loss, Our Duties After Loss** and **Our Settlement Of Loss** conditions is extended for an additional 15 days.

Catastrophe or major natural disaster means a weather-related event which:

- a) is declared a disaster under the Texas Disaster Act of 1975; or
- b) is determined to be a catastrophe by the Texas Department of Insurance.

## **Section II—Family Liability And Guest Medical Protection**

### **Family Liability Protection–Coverage X**

#### **Losses We Cover Under Coverage X:**

Subject to the terms, conditions and limitations of this policy, **we** will pay damages which an **insured person** becomes legally obligated to pay because of **bodily injury** or **property damage** arising from an **occurrence** to which this policy applies, and is covered by this part of the policy.

**We** may investigate or settle any claim or suit for covered damages against an **insured person**. If an **insured person** is sued for these damages, **we** will provide a defense with counsel of **our** choice, even if the allegations are groundless, false or fraudulent. **We** are not obligated to pay any claim or judgment after **we** have exhausted **our** limit of liability.

#### **Losses We Do Not Cover Under Coverage X:**

1. **We** do not cover any **bodily injury** or **property damage** which is caused intentionally by or at the direction of an **insured person**.
2. **We** do not cover **bodily injury** to an **insured person** or **property damage** to property owned by an **insured person** whenever any benefit of this coverage would accrue directly or indirectly to an **insured person**.
3. **We** do not cover **bodily injury** to any person eligible to receive any benefits required to be provided, or voluntarily provided, by an **insured person** or by the **condominium** under any workers' compensation, non-occupational disability or occupational disease law.

4. **We** do not cover **bodily injury** or **property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of aircraft.

**We** will not apply this exclusion to **bodily injury** to a **residence employee**.

5. **We** do not cover **bodily injury** or **property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any motor vehicle or trailer. **We** will not apply this exclusion to:
- a) a motor vehicle in dead storage or used exclusively on an **insured premises**;
  - b) any motor vehicle designed principally for recreational use off public roads, unless that vehicle is owned by an **insured person** and is being used away from an **insured premises**;
  - c) a motorized wheelchair;
  - d) a vehicle used to service an **insured premises** which is not designed for use on public roads and not subject to motor vehicle registration;
  - e) a golf cart owned by an **insured person** when used for golfing purposes;
  - f) a trailer of the boat, camper, home or utility type unless it is being towed or carried by a motorized land vehicle;
  - g) lawn or garden implements under 40 horsepower; or
  - h) **bodily injury** to a **residence employee**.
6. **We** do not cover **bodily injury** or **property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of watercraft away from an **insured premises** if the watercraft:
- a) has inboard or inboard outboard motor power of more than 50 horsepower;
  - b) is a sailing vessel 26 feet or more in length;
  - c) is powered by one or more outboard motors with more than 25 total horsepower;
  - d) is designated as an airboat, air cushion, or similar type of watercraft; or
  - e) is a personal watercraft, meaning a craft propelled by a water jet pump engine and designed to be operated by a person or persons sitting, standing or kneeling on the craft.

**We** will not apply this exclusion to **bodily injury** to a **residence employee**.

7. **We** do not cover **bodily injury** or **property damage** arising out of:
- a) the negligent supervision by any **insured person** of any person; or
  - b) any liability statutorily imposed on any **insured person**;
- arising from the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any aircraft, watercraft, hovercraft, motorized land vehicle or trailer which is not covered under **Section II** of this policy.

8. **We** do not cover any **bodily injury** which results in any manner from the discharge, dispersal, release or escape of vapors, fumes, smoke, smog, soot, alkalis, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials, or other irritants, contaminants or pollutants.

**We** will not apply this exclusion to **bodily injury** which results from **sudden and accidental**:

- a) discharge, dispersal, release or escape of irritants, contaminants or pollutants from a heating or air conditioning system, an appliance for heating water, or a household appliance located at the **residence premises**;
  - b) loss caused by lawfully possessed, commercially available supplies manufactured or produced for use in food preparation, personal hygiene, or for cleaning or maintaining a residential property or personal property; or
  - c) loss caused by a **hostile fire** at the **residence premises**.
9. **We** do not cover any **property damage** which results in any manner from vapors, fumes, smoke, smog, soot, alkalis, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials, or other irritants, contaminants or pollutants.

**We** will not apply this exclusion to **property damage** which results from **sudden and accidental**:

- a) discharge, dispersal, release or escape of irritants, contaminants or pollutants from a heating or air conditioning system, an appliance for heating water, or a household appliance located at the **residence premises**;
  - b) loss caused by lawfully possessed, commercially available supplies manufactured or produced for use in food preparation, personal hygiene, or for cleaning or maintaining a residential property or personal property; or
  - c) loss caused by a **hostile fire** at the **residence premises**.
10. **We** do not cover any liability imposed upon any **insured person** by any civil, governmental or military authority for **bodily injury** or **property damage** which results in any manner from vapors, fumes, smoke, smog, soot, alkalis, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials, or other irritants, contaminants or pollutants.

11. **We** do not cover **bodily injury** or **property damage** arising out of the rendering of, or failure to render, professional services by an **insured person**. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.

12. **We** do not cover **bodily injury** or **property damage** arising out of the past or present **business** activities of an **insured person**. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.

**We** will not apply this exclusion to **bodily injury** or **property damage** arising from the occasional or part-time **business** activities of an **insured person** who is a student under 21 years of age who is self-employed and has no employees.

13. **We** do not cover **bodily injury** or **property damage** arising out of any premises, other than an **insured premises**, owned, rented or controlled by an **insured person**. **We** will not apply this exclusion to **bodily injury** to a **residence employee**.
14. **We** do not cover **property damage** to property rented to, occupied or used by, or in the care of, an **insured person** or property of the **condominium**. **We** will not apply this exclusion if the **property damage** is caused by fire, explosion or smoke.
15. **We** do not cover any liability an **insured person** assumes arising out of any contract or agreement. This exclusion does not apply to **Loss Assessments–Coverage G** in **Section III** of this policy.
16. **We** do not cover **bodily injury** or **property damage** caused by:
  - a) war, whether declared or undeclared;
  - b) warlike acts;
  - c) invasion;
  - d) insurrection;
  - e) rebellion;
  - f) revolution;
  - g) civil war;
  - h) usurped power;
  - i) destruction for a military purpose; or
  - j) action taken by civil, governmental or military authority to hinder or defend against an actual or impending enemy act.
17. **We** do not cover **bodily injury** or **property damage** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or other microbes.
18. **We** do not cover any liability imposed upon any **insured person** by any civil, governmental or military authority for **bodily injury** or **property damage** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or other microbes. This exclusion does not apply to **Loss Assessments–Coverage G** in **Section III** of this policy.
19. **We** do not cover any loss, cost or expense arising out of any request, demand, or order that any **insured person** test for, monitor, clean up, remove, contain, treat, detoxify, decontaminate, or neutralize, or in any way respond to or assess the effects of any type of vapors, fumes, smoke, smog, soot, alkalis, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials, or other irritants, contaminants or pollutants.
20. **We** do not cover **bodily injury** or **property damage** arising out of nuclear hazard, meaning nuclear reaction, discharge, radiation or radioactive contamination, or any consequence of any of these. **Bodily injury** or **property damage** arising out of a nuclear hazard is not considered as arising from fire, explosion or smoke.
21. **We** do not cover **bodily injury** or **property damage** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of hovercrafts. **We** will not apply this exclusion to **bodily injury** to a **residence employee**.
22. **We** do not cover any liability an **insured person** assumes under any contract or agreement to pay special assessments charged to the **condominium** owners by the **association** of all unit owners in accordance with the governing rules of the **condominium**. This exclusion does not apply to **Loss Assessments–Coverage G** in **Section III** of this policy.
23. **We** do not cover **bodily injury** or **property damage** arising directly or indirectly out of the transmission of, threat of or fear of transmission of, a sexually transmitted disease by an **insured person**.
24. **We** do not cover **bodily injury** arising from actual, alleged, or threatened sexual harassment, sexual molestation or physical or mental **abuse** by an **insured person**.  
  
For the purposes of this exclusion, **abuse** means an act which is committed with the intent to cause harm.

## Guest Medical Protection–Coverage Y

### Losses We Cover Under Coverage Y:

**We** will pay the reasonable expenses incurred for necessary medical, surgical, X-ray and dental services, ambulance, hospital, licensed nursing and funeral services, and prosthetic devices, eyeglasses, hearing aids, and pharmaceuticals. These expenses must be incurred and the services performed within three years from the date of an **occurrence** causing **bodily injury** to which this policy applies, and is covered by this part of the policy.

Each person who sustains **bodily injury** is entitled to this protection when that person is:

1. on the **insured premises** with the permission of an **insured person**; or
2. off the **insured premises**, if the **bodily injury**:
  - a) arises out of a condition on the **insured premises** or immediately adjoining ways;
  - b) is caused by the activities of an **insured person** or a **residence employee**;
  - c) is caused by an animal owned by or in the care of an **insured person**; or
  - d) is sustained by a **residence employee**.

### Losses We Do Not Cover Under Coverage Y:

1. **We** do not cover any **bodily injury** which is caused intentionally by or at the direction of an **insured person**.
2. **We** do not cover **bodily injury** to any **insured person** or regular resident of the **insured premises**. **We** will not apply this exclusion to a **residence employee**.
3. **We** do not cover **bodily injury** to any person eligible to receive any benefits required to be provided, or voluntarily provided, by an **insured person** or by the **condominium** under any workers' compensation, non-occupational disability or occupational disease law.

4. **We do not cover bodily injury** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of aircraft.

**We will not apply this exclusion to bodily injury to a residence employee.**

5. **We do not cover bodily injury** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any motor vehicle or trailer. **We will not apply this exclusion to:**
- a) a motor vehicle in dead storage or used exclusively on an **insured premises**;
  - b) any motor vehicle designed principally for recreational use off public roads, unless that vehicle is owned by an **insured person** and is being used away from an **insured premises**;
  - c) a motorized wheelchair;
  - d) a vehicle used to service an **insured premises** which is not designed for use on public roads and not subject to motor vehicle registration;
  - e) a golf cart owned by an **insured person** when used for golfing purposes;
  - f) a trailer of the boat, camper, home or utility type unless it is being towed or carried by a motorized land vehicle;
  - g) lawn or garden implements under 40 horsepower; or
  - h) **bodily injury to a residence employee.**
6. **We do not cover bodily injury** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of watercraft away from an **insured premises** if the watercraft:
- a) has inboard or inboard outboard motor power of more than 50 horsepower;
  - b) is a sailing vessel 26 feet or more in length;
  - c) is powered by one or more outboard motors with more than 25 total horsepower;
  - d) is designated as an airboat, air cushion, or similar type of watercraft; or
  - e) is a personal watercraft, meaning a craft propelled by a water jet pump engine and designed to be operated by a person or persons sitting, standing or kneeling on the craft.
- We will not apply this exclusion to bodily injury to a residence employee.**
7. **We do not cover bodily injury** arising out of:
- a) the negligent supervision by any **insured person** of any person; or
  - b) any liability statutorily imposed on any **insured person**;
- arising from the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of any aircraft, watercraft, hovercraft, motorized land vehicle or trailer which is not covered under **Section II** of this policy.

8. **We do not cover any bodily injury** which results in any manner from the discharge, dispersal, release or escape of vapors, fumes, smoke, smog, soot, alkalis, acids, toxic chemicals, toxic gasses, toxic liquids, toxic solids, waste materials, or other irritants, contaminants or pollutants.

**We will not apply this exclusion to bodily injury which results from sudden and accidental:**

- a) discharge, dispersal, release or escape of irritants, contaminants or pollutants from a heating or air conditioning system, an appliance for heating water, or a household appliance located at the **residence premises**;
  - b) loss caused by lawfully possessed, commercially available supplies manufactured or produced for use in food preparation, personal hygiene, or for cleaning or maintaining a residential property or personal property; or
  - c) loss caused by a **hostile fire** at the **residence premises**.
9. **We do not cover bodily injury** arising out of the rendering of, or failure to render, professional services by an **insured person**. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.
10. **We do not cover bodily injury** arising out of the past or present **business** activities of an **insured person**. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.
- We will not apply this exclusion to bodily injury** arising from the occasional or part-time **business** activities of an **insured person** who is a student under 21 years of age who is self-employed and has no employees.
11. **We do not cover bodily injury** to any person on the **insured premises** because of a **business** activity or professional service conducted there. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.
12. **We do not cover bodily injury** arising out of any premises, other than an **insured premises**, owned, rented or controlled by an **insured person**. **We will not apply this exclusion to bodily injury to a residence employee.**
13. **We do not cover bodily injury** caused by:
- a) war, whether declared or undeclared;
  - b) warlike acts;
  - c) invasion;
  - d) insurrection;
  - e) rebellion;
  - f) revolution;
  - g) civil war;
  - h) usurped power;
  - i) destruction for a military purpose; or
  - j) action taken by civil, governmental or military authority to hinder or defend against an actual or impending enemy action.

14. **We** do not cover **bodily injury** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or other microbes. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.
15. **We** do not cover **bodily injury** arising out of nuclear hazard, meaning nuclear reaction, discharge, radiation or radioactive contamination, or any consequence of any of these. **Bodily injury** arising out of a nuclear hazard is not considered as arising from fire, explosion or smoke.
16. **We** do not cover **bodily injury** arising out of the ownership, maintenance, use, occupancy, renting, loaning, entrusting, loading or unloading of hovercrafts. **We** will not apply this exclusion to **bodily injury** to a **residence employee**.
17. **We** do not cover any liability an **insured person** assumes under any contract or agreement to pay special assessments charged to the **condominium** owners by the **association** of all unit owners in accordance with the governing rules of the **condominium**. This exclusion does not apply to **Loss Assessments-Coverage G** in **Section III** of this policy.
18. **We** do not cover **bodily injury** or **property damage** arising directly or indirectly, out of the transmission of, threat of or fear of transmission of, a communicable disease or sickness by an **insured person**.
19. **We** do not cover **bodily injury** arising from actual, alleged, or threatened sexual harassment, sexual molestation or physical or mental abuse by an **insured person**.

For the purposes of this exclusion, **abuse** means an act which is committed with the intent to cause harm.

## Section II Additional Protection

**We** will pay, in addition to the limits of liability:

### 1. Claim Expenses

**We** will pay:

- a) all costs **we** incur in the settlement of any claim or the defense of any suit against an **insured person**;
- b) interest accruing on damages awarded until such time as **we** have paid, formally offered, or deposited in court the amount for which **we** are liable under this policy; however, interest will be paid only on damages which do not exceed **our** limits of liability;
- c) premiums on bonds required in any suit **we** defend; however, **we** will not pay bond premiums in an amount that is more than **our** limit of liability; **we** have no obligation to apply for or furnish bonds;
- d) up to \$150 per day for loss of wages and salary, when **we** ask **you** to attend trials and hearings;
- e) any other reasonable expenses incurred by an **insured person** at **our** request.

### 2. Emergency First Aid

**We** will pay reasonable expenses incurred by an **insured person** for first aid to other persons at the time of an accident involving **bodily injury** covered under this policy.

### 3. Damage To Property Of Others

At **your** request, **we** will pay up to \$500 each time an **insured person** causes **property damage** to someone else's property. At **our** option, **we** will pay the cost to either repair or replace the property damaged by an **insured person**, without deduction for depreciation.

**We** will not pay for **property damage**:

- a) to property covered under **Section I** of this policy;
- b) to property intentionally damaged by an **insured person** who has attained the age of 13;
- c) to property owned by or rented to an **insured person**, any tenant of an **insured person**, or any resident in **your** household; or
- d) arising out of:
  - 1) past or present **business** activities;
  - 2) any act or omission in connection with a premises, other than an **insured premises**, owned, rented or controlled by an **insured person**; or
  - 3) the ownership or use of a motorized land vehicle, trailer, aircraft, hovercraft or watercraft.

## Section II Conditions

### 1. What You Must Do After A Loss

In the event of **bodily injury** or **property damage**, **you** must do the following:

- a) Promptly notify **us** or **our** agent stating:
  - 1) **your** name and policy number;
  - 2) the date, the place and the circumstances of the loss;
  - 3) the name and address of anyone who might have a claim against an **insured person**; and
  - 4) the names and addresses of any witnesses.
- b) Promptly send **us** any legal papers relating to the accident.
- c) At **our** request, an **insured person** will:
  - 1) cooperate with **us** and assist **us** in any matter concerning a claim or suit;
  - 2) help **us** enforce any right of recovery against any person or organization who may be liable to an **insured person**;
  - 3) attend any hearing or trial.
- d) Under **Section II Additional Protection, Damage To Property Of Others**, give **us** a sworn statement of the loss. This must be made within 91 days after **we** request it. Also, an **insured person** must be prepared to show **us** any damaged property under that person's control.

Any **insured person** will not voluntarily pay any money, assume any obligations or incur any expense, other than for first aid to others at the time of the loss as provided for in this policy.

2. **What An Injured Person Must Do—Guest Medical Protection—Coverage Y**

If someone is injured, that person, or someone acting for that person, must do the following:

- a) Promptly give **us** written proof of the loss. If **we** request, this must be done under oath.
- b) Give **us** written authorization to obtain copies of all medical records and reports.
- c) Permit doctors **we** select to examine the injured person as often as **we** may reasonably require.

3. **Our Payment Of Loss—Guest Medical Protection—Coverage Y**

**We** may pay the injured person or the provider of the medical services. Payment under this coverage is not an admission of liability by **us** or an **insured person**.

4. **Our Limits Of Liability**

Regardless of the number of **insured persons**, injured persons, claims, claimants or policies involved, **our** total liability under **Family Liability Protection—Coverage X** for damages resulting from one **occurrence** will not exceed the Limit Of Liability shown on the Policy Declarations. All **bodily injury** and **property damage** resulting from continuous or repeated exposure to the same general conditions is considered the result of one **occurrence**.

**Our** total liability under **Guest Medical Protection—Coverage Y** for all medical expenses payable for **bodily injury**, to any one person, shall not exceed the "each person" Limit Of Liability shown on the Policy Declarations.

5. **Bankruptcy**

**We** are not relieved of any obligation under this policy because of the bankruptcy or insolvency of an **insured person**.

6. **Our Rights To Recover Payment—Family Liability Protection—Coverage X**

When **we** pay any loss, an **insured person's** right to recover from anyone else becomes **ours** up to the amount **we** have paid. An **insured person** must protect these rights and help **us** enforce them.

7. **Action Against Us**

- a) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, unless there has been full compliance with all policy terms.
- b) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Family Liability Protection—Coverage X**, unless the obligation of an **insured person** to pay has been finally determined either by judgment against the **insured person** after actual trial, or by written agreement of the **insured person**, injured person and **us**, and the action against **us** is commenced within two years and one day from the date the cause of action first accrues.

- c) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Guest Medical Protection—Coverage Y**, unless such action is commenced within two years and one day from the date the cause of action first accrues.
- d) No one may bring an action against **us** in any way related to the existence or amount of coverage, or the amount of loss for which coverage is sought, under **Section II Additional Protection**, unless such action is commenced within two years and one day from the date the cause of action first accrues.
- e) No one shall have any right to make **us** a party to an action to determine the liability of an **insured person**.

8. **Other Insurance—Family Liability Protection—Coverage X**

This insurance is excess over any other valid and collectible insurance except insurance that is written specifically as excess over the limits of liability that apply to this policy. This condition does not apply to **Loss Assessments—Coverage G** in **Section III** of this policy.

9. **Notice Of Settlement Of Liability Claim**

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

## Section III—Optional Protection

### Optional Coverages

The following Optional Coverages may supplement coverages found in **Section I** or **Section II** and apply only when they are indicated on the Policy Declarations. The provisions of this policy apply to each Optional Coverage in this section unless modified by the terms of the specific Optional Coverage.

1. **Building Codes—Coverage BC**

**We** will pay up to the Limit Of Liability shown on the Policy Declarations for Building Codes coverage to comply with local building codes after covered loss to the **residence premises** or when repair or replacement results in increased cost due to the enforcement of any building codes, ordinances or laws regulating or requiring the construction, reconstruction, maintenance, replacement, repair, placement or demolition of the **residence premises**.

2. **Increased Coverage On Business Property—Coverage BP**

The limitation on **business** property located on the **residence premises**, under **Personal Property Protection—Coverage C**, is increased to the amount shown on the Policy Declarations. This increased coverage includes property held as samples or for sale or delivery after sale, while the property is on the **residence premises**.



### 3. **Fire Department Charges–Coverage F**

The \$500 limit applying to the fire department service charges under **Additional Protection** is increased to the amount shown on the Policy Declarations.

### 4. **Loss Assessments–Coverage G**

A. Except as limited or excluded in **Section I** of this policy, **we** will pay up to the Limit of Liability shown on the Policy Declarations for **Loss Assessments–Coverage G** for **your** share of any special assessments:

1. charged against all of the **condominium** unit owners by the **association**, when the assessment is made as a result of an **occurrence** that results in **sudden and accidental** direct physical loss to the **condominium** property owned by all unit owners collectively.

In the event of an assessment, this coverage is subject to all the exclusions applicable to **Section I** of this policy and the **Section I Conditions**, except as otherwise noted.

Assessments and payments under this item A.1 are excess over any insurance collectible under any policy or policies covering the **association** of unit owners.

2.
  - a) charged against **you** and not all **condominium** unit owners by the **association**, when the assessment is made as a result of an **occurrence** resulting in **sudden and accidental** direct physical loss to the **condominium** property owned by all unit owners collectively.
  - b) if an **occurrence** resulting in **sudden and accidental** direct physical loss to the **condominium** property, owned by all unit owners collectively, is caused by an **insured person**. **We** will pay to repair, rebuild or replace such damaged **condominium** property, but only if such property:
    - 1) is damaged by a peril covered under this policy; and
    - 2) is the insurance responsibility of the **condominium association** as expressed under its governing rules.

This coverage is subject to all the exclusions applicable to **Section I** of this policy and the **Section I Conditions**, except as otherwise noted.

Assessments and payments under this item A.2 are excess over any insurance collectible under any policy or policies covering the **association** of unit owners.

- B. **We** will pay up to the Limit of Liability shown on the Policy Declarations for **Loss Assessments–Coverage G** for **your** share of any special assessments charged against **you** to cover any portion of the **association's** master insurance policy deductible if:

1. the assessment is charged as a result of a loss to the **condominium** property, owned by all unit owners collectively, that occurs while this policy is in force and such loss is covered under the **association's** master insurance policy; and
2. the loss to such property was a **sudden and accidental** direct physical loss which **we** would cover under **Building Property Protection–Coverage A**, if such property qualified as property **we** cover under **Building Property Protection–Coverage A** of this policy.

The amount **we** will pay under this protection for assessments as a result of a single **occurrence** resulting in loss to the **condominium** property, owned by all unit owners collectively, will not exceed the limit of liability displayed on **your** Policy Declarations for **Loss Assessments–Coverage G** regardless of the number of assessments charged.

For assessments made under this item B only, "assessment" includes the **association's** failure to or unwillingness to submit an otherwise covered claim under the **association's** master insurance policy for **sudden and accidental** direct physical loss to the **condominium** property which comprises a part of the **residence premises**.

- C. **We** will pay up to the Limit of Liability shown on the Policy Declarations for **Loss Assessments–Coverage G** for **your** share of any special assessments charged against all of the **condominium** unit owners by the **association**, when the assessment is made as a result of an **occurrence** covered under **Section II** of this policy that occurred at **your residence premises** or on the ground, related structures, or private approaches to the building structure of which **your residence premises** is a part.

In the event of an assessment, this coverage is subject to all the exclusions applicable to **Section II** of this policy and the **Section II Conditions**, except as otherwise noted.

**Loss Assessments–Coverage G** is excess over any insurance collectible under any policy or policies covering the **association** of unit owners.

If **we** do not believe an assessment charged is appropriate, **you** agree to cooperate with **us** in contesting such assessment.

No deductible applies to this protection.

If applicable, the protection provided by **Loss Assessments–Coverage G** shall apply to the following entities as if they were "**you**":

- 1) the **LLC** indicated on the **Additional Insured for Condominium Limited Liability Company** endorsement, if such endorsement is part of **your** policy; or
- 2) the **Trust** indicated on the **Additional Insured–Trust** endorsement, if such endorsement is part of **your** policy.

5. **Extended Coverage On Jewelry, Watches And Furs–Coverage JT**  
**Personal Property Protection–Coverage C** is extended to pay for **sudden and accidental** direct physical loss to the following property, subject to the provisions in this coverage:

- a) jewelry, watches, gems, precious and semiprecious stones, gold, platinum; and
- b) furs, including any item containing fur which represents its principal value.

The total amount of coverage and per item limit is shown on the Policy Declarations. This amount is not in addition to the amount of insurance applying to **Personal Property Protection–Coverage C**. However, in no event will coverage be less than would have applied in the absence of **Coverage JT**.

The following exclusions contained in **Losses We Do Not Cover Under Coverages A and C** apply to the coverage afforded under this **Coverage JT**: items A.7, A.8, D.1 and D.3. In addition, **we** do not cover any loss consisting of or caused by one or more of the following excluded events, perils or conditions. Such loss is excluded regardless of whether the excluded event, peril or condition involves isolated or widespread damage, arises from natural, man-made or other forces, or arises as a result of any combination of these forces:

- a) wear and tear;
- b) gradual deterioration;
- c) inherent vice; or
- d) insects or vermin.

Any deductible shown on the Policy Declarations applicable to **Personal Property Protection–Coverage C**, also applies to a loss under this coverage.

6. **Increased Coverage On Theft Of Silverware–Coverage ST**  
 The \$2,500 limitation on theft of goldware, silverware, pewterware and platinumware under **Personal Property Protection–Coverage C** is increased to the amount shown on the Policy Declarations.