

## DWELLING PROPERTY FLOOD INSURANCE POLICY

PLEASE READ THIS POLICY CAREFULLY. THE FLOOD INSURANCE PROVIDED IS SUBJECT TO LIMITATIONS, RESTRICTIONS AND EXCLUSIONS.

THIS POLICY COVERS ONLY:

1. A NON-CONDOMINIUM RESIDENTIAL BUILDING DESIGNED FOR PRINCIPAL USE AS A DWELLING PLACE FOR ONE TO FOUR FAMILIES, OR
2. A SINGLE-FAMILY DWELLING UNIT IN A CONDOMINIUM BUILDING.

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### I. AGREEMENT

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We insure you against **direct physical loss by or from flood**, occurring during the Policy Term, to your insured property if you:-

- (1) Have paid the correct premium
- (2) Comply with all the terms and conditions of this **policy**; and
- (3) Have furnished accurate information and statements.

We have the right to review the information you give us at any time and to revise your **policy** based on our review.

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### II. DEFINITIONS

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In this **policy**, “you” and “your” refer to the named insured(s) shown in the **Declarations Page** of this **policy** and your spouse if a resident of the same household. “Insured(s)” includes: Any mortgagee and loss payee named in the **Declarations Page**, as well as any other mortgagee or loss payee determined to exist at the time of the loss in the order of precedence. “We”, “us”, and “our” refer to the insurer.

The following are other key definitions that we use in this **policy**.

- 1) **Actual Cash Value.** The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
- 2) **Base Flood.** A **flood** having a one percent chance of being equalled or exceeded in any given year.
- 3) **Basement.** Any area of the **building**, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.
- 4) **Building.**
  - i) A structure with two or more outside rigid walls and a fully secured roof, that is affixed to a permanent site;
  - ii) A manufactured home (a “manufactured home,” also known as a mobile home, is a structure: built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation); or

- iii) A travel trailer without wheels built on a chassis and affixed to a permanent foundation, that is regulated under the community's floodplain management and building ordinances or laws.

**Building** does not mean a gas or liquid storage tank or a recreational vehicle, park trailer, or other similar vehicle, except as described in II.4.iii above.

- 5) **Cancellation.** The ending of the insurance coverage provided by this **policy** before the expiration date.
- 6) **Condominium.** That form of ownership of real property in which each **unit** owner has an undivided interest in common elements.
- 7) **Condominium Association.** The entity made up of the **unit** owners responsible for the maintenance and operation of:-
  - i) Common elements owned in undivided shares by **unit** owners; and
  - ii) Other real property in which the **unit** owners have use rights;

where membership in the entity is a required condition of **unit** ownership.

- 8) **Declarations Page.** A summary of information that describes, among others, the term of the **policy**, limits of coverage and premium.
- 9) **Described Location.** The location where the insured **building** or personal property are found. The **described location** is shown on the **Declarations Page**.
- 10) **Direct physical loss by or from flood.** Loss or damage to insured property, directly caused by a **flood**. There must be evidence of physical changes to the property.
- 11) **Dwelling.** A **building** designed for use as a residence for no more than four families or a single-family **unit** in a **building** under a **condominium** form of ownership.
- 12) **Elevated Building.** A **building** that has no **basement** and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.
- 13) **Flood. Flood** as used in this **flood** insurance policy, means:
  - a) Physical damage caused by a general and temporary condition of partial or complete inundation of normally dry land areas from:
    - i) Overflow of inland or tidal waters;
    - ii) An unusual and rapid accumulation or runoff of surface waters from any source;
  - iii) **Mudflow.**

b) Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in 13.a.(i) above. Whether or not driven by wind arising during any one period of 72 consecutive hours during the period of this Policy. The Insurer shall not be liable for any loss caused by any **flood** occurring before the effective date and time of this Policy, nor for any loss occurring after the expiration date and time of this Policy. The Insured may select the time from which any such period shall commence, but no two selected periods may overlap.

**14) Improvements.** Fixtures, alterations, installations, or additions comprising a part of the insured **dwelling** or the apartment in which you reside.

**15) Loss Occurrence.** The words **Loss Occurrence** shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the property insured hereunder and the receding of the same, regardless of the period of time so embraced; EXCEPT, no **Loss Occurrence** shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Insured in that occurrence during the Policy Term, nor to extend to beyond thirty days after the expiry of this **policy**.

**16) Mudflow.** A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not **mudflows**.

**17) National Flood Insurance Program (NFIP).** The program of flood insurance coverage and floodplain management.

**18) Policy.** The entire written contract between you and us. It includes:-

- i) This printed form;
- ii) The **Declarations Page**;
- iii) Any endorsement(s) that may be issued.

**19) Pollutants.** Substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals, and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.

**20) Post-FIRM Building.** A **building** for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

**21) Special Flood Hazard Area.** An area having special **flood**, or **mudflow**, and/or **flood**-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map shown as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.

**22) Unit.** A single-family **unit** you own in a **condominium building**.

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### III. PROPERTY COVERED

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**23) Walled and roofed.** The **building** has in place two or more exterior, rigid walls and the roof is fully secured so that the **building** will resist flotation, collapse and lateral movement.

#### A. COVERAGE A – BUILDING PROPERTY

We insure against **direct physical loss by or from flood** to:-

- 1) The **dwelling** at the **described location** or for a period of 45 days at another location, as set forth in III.C.2.b., Property Removed to Safety.
- 2) Additions and extensions attached to and in contact with the **dwelling** by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the **building** by means of a common interior wall that is not a solid load-bearing wall are always considered part of the **building** and cannot be separately insured.
- 3) A detached garage at the **described location**. Coverage is limited to no more than 10 percent of the limit of liability on the **dwelling**. Use of this insurance is at your option but reduces the **building** limit of liability. We do not cover any detached garage used or held for use for residential (i.e. dwelling), business, or farming purposes.
- 4) Materials and supplies to be used for construction, alteration, or repair of the **dwelling** or a detached garage while the materials and supplies are stored in a fully enclosed **building** at the **described location** or on an adjacent property.
- 5) A **building** under construction, alteration, or repair at the **described location**. However, coverage does not apply until the **building** is **walled and roofed**.
- 6) A manufactured home or a travel trailer as described in the Definitions section (see II.4.b and II.4.c).

If the manufactured home or travel trailer is in a **special flood hazard area**, it must be anchored in the following manner at the time of the loss:

- a) By over-the-top or frame ties to ground anchors; or
  - b) In accordance with the manufacturer's specifications; or
  - c) In compliance with the community's floodplain management requirements;
- 7) The following items of property, which are covered under Coverage A only:-
- a. Awnings and canopies;
  - b. Blinds;
  - c. Built-in dishwashers;
  - d. Built-in microwave ovens;
  - e. Carpet permanently installed over unfinished flooring;
  - f. Central air conditioners;
  - g. Elevator equipment;
  - h. Fire sprinkler systems;
  - i. Walk-in freezers;
  - j. Furnaces and radiators;
  - k. Garbage disposal units;
  - l. Hot water heaters; including solar water heaters;
  - m. Light fixtures;
  - n. Outdoor antennas and aerials fastened to **buildings**;

- o. Permanently installed cupboards, bookcases, cabinets; panelling and wallpaper;
  - p. Plumbing fixtures;
  - q. Pumps and machinery for operating pumps;
  - r. Ranges, cooking stoves, and ovens;
  - s. Refrigerators;
  - t. Wall mirrors, permanently installed;
- 8) The following items of property in a **building** enclosure at the **described location** below the lowest elevated floor of an **elevated post-FIRM building** located in Zones, A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30 or VE, or in a **basement** regardless of the zone. Coverage is limited to the following:-
- a) Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
    - (1) Central air conditioners;
    - (2) Cisterns and the water in them;
    - (3) Drywall for walls and ceilings in a **basement** and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
    - (4) Electrical junction and circuit breaker boxes;
    - (5) Electrical outlets and switches;
    - (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the **base flood** elevation after September 30, 1987;
    - (7) Fuel tanks and the fuel in them;
    - (8) Furnaces and hot water heaters;
    - (9) Heat pumps;
    - (10) Non-flammable insulation in a **basement**;
    - (11) Pumps and tanks used in solar energy systems;
    - (12) Stairways and staircases attached to the **building**, not separated from it by elevated walkways;
    - (13) Sump pumps;
    - (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
    - (15) Well water tanks and pumps;
    - (16) Required utility connections for any item in this list; and
    - (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a **building**.
  - b) We will also pay for the clean-up of a **basement** or enclosure from a covered **flood** loss.

## **B. COVERAGE B – PERSONAL PROPERTY**

- 1) If you have purchased personal property coverage, we insure against **direct physical loss by or from flood** to personal property inside a **building** at the **described location**, if
  - a) The property is owned solely by you, or your household family members; and
  - b) At your option, the property is owned by guests or servants.

- i) Personal property is also covered for a period of 45 days at another location, as set forth in III.C.2.b., Property Removed to Safety.
- 2) Coverage for personal property includes the following property, subject to paragraph B.1 above, which is covered under Coverage B only:
  - a) Air conditioning units portable or window types;
  - b) Carpet, not permanently installed, over unfinished flooring;
  - c) Carpets over finished flooring;
  - d) Clothes washers and dryers;
  - e) “Cook-Out” grills;
  - f) Food freezers, other than walk-in, and food in any freezer; and
  - g) Portable microwave ovens and portable dishwashers.
- 3) Coverage for items of property in a **building** enclosure below the lowest elevated floor of an **elevated post-FIRM building** located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30 or VE or in a **basement**, regardless of the zone, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
  - a) Air conditioning units, portable or window type;
  - b) Clothes washers and dryers; and
  - c) Food freezers, other than walk-in, and food in any freezer;
- 4) If you are a tenant and have insured personal property under Coverage B in this **policy**, we will cover such property, including your cooking stove or range and refrigerator. This **policy** will also cover improvements made or acquired solely at your expense in the **dwelling** or apartment in which you reside, but for not more than 10 percent of the limit of liability shown for personal property on the Declarations Page.
- 5) If you are the owner of a **unit** and have insured personal property under Coverage B in this **policy**, we will also cover your interior walls, floor, and ceiling (not otherwise covered under a flood insurance policy purchased by your **condominium association**) for not more than 10 percent of the limit of liability shown for personal property on the **Declarations Page**. Use of this insurance is at your option but reduces the personal property limit of liability.
- 6) **Special Limits:** We will pay no more than USD2,500 for any one loss to one or more of the following kinds of personal property:
  - a) Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
  - b) Rare books or autographed items;
  - c) Jewellery, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;
  - d) Furs or any article containing fur which represents its principal value.
  - e) Personal property used in any business.

7) We will pay only for the functional value of antiques.

## C. COVERAGE C – OTHER COVERAGES

### 1. Debris Removal

- a. We will pay the expense to remove non-owned debris on or in insured property and owned debris anywhere.
- b. If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.
- c. This coverage does not increase the Coverage A or Coverage B limit of liability.

### 2. Loss Avoidance Measures

#### a. Sandbags, Supplies and Labor

- (1) We will pay up to USD1,000 for costs you incur to protect the insured **building** from a **flood** or imminent danger of **flood**, for the following:
  - (a) Your reasonable expenses to buy:
    - (i) Sandbags, including sand to fill them;
    - (ii) Fill for temporary levees;
    - (iii) Pumps, and
    - (iv) Plastic sheeting and lumber used in connection with these items, and
  - (b) The value of work, at the Federal minimum wage, that you or a member of your household perform.
- (2) This coverage for Sandbags, Supplies and Labor applies only if damage to insured property by or from **flood** is imminent, and the threat of **flood** damage is apparent enough to lead a person of common prudence to anticipate **flood** damage. One of the following must also occur:
  - (a) A general and temporary condition of flooding in the area near the **described location** must occur, even if the **flood** does not reach the insured **building**; or
  - (b) A legally authorized official must issue an evacuation order or other civil order for the community in which the insured **building** is located calling for measures to preserve life and property from the peril of **flood**.

This coverage does not increase the Coverage A or Coverage B limit of liability.

#### b. Property Removed to Safety

- (1) We will pay up to USD1,000 for the reasonable expenses you incur to move insured property to a place other than the **described location** that contains property in order to protect it from **flood** or the imminent danger of **flood**.

Reasonable expenses include the value of work, at the Federal minimum wage, that you or a member of your household perform.



- (2) If you move insured property to a location other than the **described location** that contains the property, in order to protect it from **flood** or the imminent danger of **flood**, we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there. The personal property that is moved must be placed in a fully enclosed **building** or otherwise reasonably protected from the elements.

Any property removed, including a movable home described in II.4.b and II.4.c., must be placed above ground level or outside of the **special flood hazard area**.

This coverage does not increase the Coverage A or Coverage B limit of liability.

### 3. Condominium Loss Assessments

- a. If this **policy** insures a **unit**, up to the Coverage A limit of liability, your share of loss assessments charged against you by the **condominium association** in accordance with the **condominium association's** articles of association, declarations and your deed.

The assessment must be made as a result of **direct physical loss by or from flood** during the **policy** term, to the **building's** common elements.

- b. We will not pay any loss assessment charged against you:
- (1) And the **condominium association** by any governmental body;
  - (2) That results from a deductible under the insurance purchased by the **condominium association** insuring common elements;
  - (3) That results from a loss to personal property, including contents of a **condominium building**;
  - (4) That results from a loss sustained by the **condominium association** that was not reimbursed under a **flood** insurance policy written in the name of the association because the **building** was not, at the time of the loss, insured for an amount equal to 80 per cent or more of its full replacement cost.

Loss assessment coverage does not increase the Coverage A limit of liability.

## D. COVERAGE D – INCREASED COST OF COMPLIANCE

### 1. General

This **policy** pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of the structure suffering **flood** damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your structure. Eligible floodproofing activities are limited to:

- a) Non-residential structures;
- b) Residential structures with **basements** that satisfy FEMA's standards published in the Code of Federal Regulations {44 CFR 60.6 (b) or (c)}.



## 2. Limit of Liability

- a) We will pay you up to USD30,000 under this Coverage D – Increased Cost of Compliance, which only applies to **policies** with **building** coverage (Coverage A). Our payment of claims under Coverage D is in addition to the amount of coverage which appears on the **Declarations Page**.
- b) We do not charge a separate deductible for a claim under Coverage D.

## 3. Eligibility

- a) A structure covered under Coverage A – Building Property sustaining a loss caused by a **flood** as defined by this **policy**, must:
  - (1) Be a “repetitive loss structure”. A “repetitive loss structure” is one that meets the following conditions:
    - a. The structure has suffered **flood** damage on two occasions during a 10-year period which ends on the date of the second loss.
    - b. The cost to repair the **flood** damage, on average, equalled or exceeded 25 percent of the market value of the structure at the time of each **flood** loss.
    - c. In addition, the State or community must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the structure; or
  - (2) Be a structure that has **flood** damage in which the cost to repair equals or exceeds 50 percent of the market value of the structure at the time of the **flood**. The State or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the structure.
- b) This Coverage D pays you to comply with State or local floodplain management laws or ordinances that meet the minimum standards of the **National Flood Insurance Program** found in the Code of Federal Regulations at 44 CFR 60.3. We pay for compliance activities that exceed those standards under these conditions:
  - (1) 3.a.(1) above.
  - (2) Elevation or floodproofing in any risk zone to preliminary or advisory **base flood** elevations provided by FEMA which the State or local government has adopted and is enforcing for **flood**-damaged structures in such areas. (This includes compliance activities in B, C, X or D zones which are being changed to zones with **base flood** elevations. This also includes compliance activities in zones where **base flood** elevations are being increased, and a **flood**-damaged structure must comply with the higher advisory **base flood** elevation). Increased Cost of Compliance coverage does not apply to situations in B, C, X or D zones where the community has derived its own elevations and is enforcing elevation for floodproofing requirements for **flood**-damaged structures to elevations derived solely by the community.

- (3) Elevation of floodproofing above the **base flood** elevation to meet State or local “freeboard” requirements. i.e., that a structure must be elevated above the **base flood** elevation.
- c) This coverage will also pay for the incremental cost, after demolition or relocation, of elevating or floodproofing a structure during its rebuilding at the same or another site to meet State or local floodplain management laws or ordinances subject to Exclusion D 5.a.vii below.
- d) This coverage will also pay to bring a **flood**-damaged structure into compliance with State or local floodplain management laws or ordinances even if the structure had received a variance before the present loss from the applicable floodplain management requirements.

#### 4. Conditions

- a) When a structure covered under Coverage A- Building Property sustains a loss caused by a **flood**, our payment for the loss under this Coverage D will be for the increased cost to elevate, floodproof, relocate, or demolish (or any combination of these activities) caused by the enforcement of current State or local floodplain management ordinances or laws. Our payment for eligible demolition activities will be for the cost to demolish and clear the site of the **building** debris or a portion thereof caused by the enforcement of current State or local floodplain management ordinances or laws. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.
- b) When the **building** is repaired or rebuilt, it must be intended for the same occupancy as the present **building** unless otherwise required by current floodplain management ordinances or laws.

#### 5. Exclusions

- a) Under this Coverage D – Increased Cost of Compliance we will not pay for:-
- i) The cost to comply with any floodplain management law or ordinance in communities participating in the **Emergency Program**.
- ii) The cost associated with enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean-up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of **pollutants**.
- iii) The loss in value to any insured **building** or other structure due to the requirements of any ordinance or law.
- iv) The loss in residual value of the undamaged portion of a **building** demolished as a consequence of enforcement of any State or local floodplain management law or ordinance.
- v) Any Increased Cost of Compliance under this Coverage D:
- (1) Until the **building** is elevated, floodproofed, demolished, or relocated on the same or to another premises; and

- (2) Unless the **building** is elevated, floodproofed, demolished, or relocated as soon as reasonable possible after the loss, not to exceed 2 years.
- vi) Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.
  - vii) Any compliance activities needed to bring additions or **improvements** made after the loss occurred into compliance with State or local floodplain management laws or ordinances.
  - viii) Loss due to any ordinance or law that you were required to comply with before the current loss.
  - ix) Any rebuilding activity to standards that do not meet the **NFIP**'s minimum requirements. This includes any situation where the insured has received from the State or community a variance in connection with the current **flood** loss to rebuild the property to an elevation below the **base flood** elevation.
  - x) Increased Cost of Compliance for a garage or carport.
  - xi) Any structure insured under an **NFIP** Group Flood Insurance Policy.
  - xii) Assessments made by a **condominium association** on individual **condominium unit** owners to pay increased costs of repairing commonly owned **buildings** after a **flood** in compliance with State or local floodplain management ordinances or laws.

## 6. Other Provisions

- a) Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the coinsurance requirement for replacement cost coverage as set forth in VI – Values Declared and Incorrect Declaration Penalty provisions.
- b) All other conditions and provisions of the policy apply.

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## IV. PROPERTY NOT COVERED

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We do not cover any of the following property:

1. Personal property not inside the fully enclosed **building**;
2. A **building** and personal property in it, located entirely in, on or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982;
3. Open structures, including a **building** used as a boathouse or any structure or **building** into which boats are floated, and personal property located in, on, or over water;
4. Recreational vehicles other than travel trailers described in II.4.c., whether affixed to a permanent foundation or on wheels;
5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:

- a. Used mainly to service the **described location**; or
  - b. Designed and used to assist handicapped persons;
- while the vehicles or machines are inside a **building** at the **described location**;
6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals;
  7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;
  8. Underground structures and equipment, including wells, septic tanks, and septic systems;
  9. Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured **building** or the **building** in which the insured unit is located;
  10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
  11. **Buildings** or **units** and all their contents if more than 49 percent of the **actual cash value** of the **building** is below ground, unless the lowest level is at or above the **base flood** elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;
  12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges and docks;
  13. Aircraft or watercraft, or their furnishings and equipment;
  14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;
  15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act of 1990 and amendments to these Acts.
  16. Personal property you own in common with other **unit** owners, comprising the membership of a **condominium association**.

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## V. EXCLUSIONS

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1. We only provide coverage for **direct physical loss by or from flood**, which means we do not pay you for:
  - a. Loss of revenue or profits;
  - b. Loss of access to the insured property or **described location**;
  - c. Loss of use of the insured property or **described location**;
  - d. Loss from interruption of business or production;
  - e. Any additional living expenses incurred while the insured **building** is being repaired or is unable to be occupied for any reason;
  - f. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodelling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities that we describe in Coverage D – Increased Cost of Compliance; or
  - g. Any other economic loss.

- 2) We do not insure a loss directly or indirectly caused by a **flood** that is already in progress at the date and time:
  - a. The **policy** term begins; or
  - b. Coverage is added at your request.
  
- 3) We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by **flood**. Some examples of earth movement that we do not cover are:
  - a. Earthquake;
  - b. Landslide;
  - c. Land subsidence;
  - d. Sinkholes;
  - e. Destabilization or movement of land that results from accumulation of water in subsurface land areas; or
  - f. Gradual erosion.

We do, however, pay for losses from **mudflow** and land subsidence as a result of erosion that are specifically covered under our definition of **flood** (see II.13.).

- 4) We do not insure for direct physical loss caused directly or indirectly by any of the following:
  - a. The pressure or weight of ice;
  - b. Freezing or thawing;
  - c. Rain, snow, sleet, hail, or water spray;
  - d. Water, moisture, mildew, or mold damage that results primarily from any condition:
    - i) Substantially confined to the insured **building**; or
    - ii) That is within your control, including, but not limited to:
      1. Design, structural, or mechanical defects;
      2. Failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or
      3. Failure to inspect and maintain the property after a **flood** recedes;
  - e. Water or waterborne material that:
    - i) Backs up through sewers or drains;
    - ii) Discharges or overflows from a sump, sump pump, or related equipment; or
    - iii) Seeps or leaks on or through the covered property;
 unless there is a **flood** in the area and the **flood** is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or seepage of water;
  - f. The pressure or weight of water unless there is a **flood** in the area and the **flood** is the proximate cause of the damage from the pressure or weight of water;
  - g. Power, heating, or cooling failure unless the failure results from **direct physical loss by or from flood** to power, heating, or cooling equipment situated on the **described location**;
  - h. Theft, fire, explosion, wind, or windstorm;
  - i. Anything you or any member of your household do or conspire to do to cause loss by **flood** deliberately; or
  - j. Alteration of the insured property that significantly increases the risk of flooding.

- 5) We do not insure for loss to any **building** or personal property located on land leased from the Federal Government, arising from or incident to the flooding of the land by the Federal Government, where the lease expressly holds the Federal Government harmless under **flood** insurance issued under any Federal Government program.
- 6) We do not pay for the testing or monitoring of **pollutants** unless required by law or ordinance.

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## **VI. VALUES DECLARED AND INCORRECT DECLARATION PENALTY**

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The premium for this **policy** has been based on a statement of total insured values declared to and agreed by us at the inception of this **policy**.

If at the time of loss, the declared total insured values are less than ninety (90%) percent of the actual values, computed in accordance with the loss settlement provisions of this **policy**, then any recovery otherwise due hereunder shall be reduced in the same proportion that the declared total insured values bear to the values that should have been declared, and you shall co-insure for the balance.

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## **VII. DEDUCTIBLES**

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When a loss is covered under this **policy**, we will pay only that part of the loss that exceeds your deductible amount, subject to the limit of liability that applies. The deductible amount is shown on the **Declarations Page**.

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## **VIII. GENERAL CONDITIONS**

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### **1) Pairs and Sets**

In case of direct physical loss to an article that is part of a pair or set, we will have the option of paying you:

- a. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation; or
- b. An amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.

### **2) Concealment or Fraud and Policy Voidance**

- a. With respect to all insureds, under this **policy**, this **policy**:
  - i) Is void;
  - ii) Has no legal force or effect;
  - iii) Cannot be renewed; and
  - iv) Cannot be replaced by any new coverage;

if, before or after a loss, you, or any other insured or your agent have at any time:

- i) Intentionally concealed or misrepresented any material fact or circumstance;
- ii) Engaged in fraudulent conduct; or
- iii) Made false statements

relating to this **policy**.

- b. This **policy** will be void as of the date the wrongful acts described in VIII.2.a. above were committed.
- c. Fines, civil penalties, and imprisonment under applicable Federal laws may also apply to the acts of fraud or concealment described above.
- d. This **policy** is also void for reasons other than fraud, misrepresentation, or wrongful act. This **policy** is void from its inception and has no legal force if the property situated at the **described location** is not eligible for coverage.

### 3) Other Insurance

If other valid and collectible insurance is available to you covering a loss also covered by this **policy**, other than insurance that is specifically stated to be in excess of this **policy**, the insurance afforded by this **policy** shall be in excess of and shall not contribute with such other insurance. Nothing herein shall be construed to make this **policy** subject to the terms, conditions and limitations of other insurance nor to reduce any deductible applicable to this **policy**.

### 4) Amendments, Waivers

This **policy** cannot be changed nor can any of its provisions be waived without our express written consent. No action that we take under the terms of this **policy** constitutes a waiver of any of our rights.

### 5) Cancellation

Notwithstanding anything contained in this **policy** to the contrary you may cancel this **policy** at any time by written notice or by surrendering this **policy**. This **policy** may also be cancelled by us or on our behalf by delivering to you or by mailing to you, by registered, certified or other first class mail, at the your address as shown in this **policy**, written notice stating when, not less than 30 (thirty) days thereafter, the cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and this **policy** shall terminate at the date and hour specified in such notice.

If this **policy** shall be cancelled by you we shall retain the customary short rate proportion of the premium hereon, except that if this **policy** is on an adjustable basis we shall receive the earned premium hereon or the customary short rate proportion of any minimum premium stipulated herein whichever is the greater.

If this **policy** shall be cancelled by us or on our behalf we shall retain the pro rata proportion of the premium hereon, except that if this **policy** is on an adjustable basis we shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by us shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

### 6) Conditions Suspending or Restricting Coverage



We are not liable for loss that occurs while there is a hazard that is increased by any means within your control or knowledge.

## 7) Requirements In Case of Loss

In case of a **flood** loss to the insured property, you must:

- a. Give prompt written notice to us;
- b. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that we may examine it;
- c. Prepare an inventory of damaged property showing the quality, description, **actual cash value**, and amount of loss. Attach all bills, receipts, and related documents;
- d. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the **policy**, signed and sworn to by you, and which furnishes us with the following information:
  - i. The date and time of the loss;
  - ii. A brief explanation of how the loss happened;
  - iii. Your interest (for example, “owner”) in the property damaged and the interests, if any, of others in the damaged property;
  - iv. Details of any other insurance that may cover the loss;
  - v. Changes in title or occupancy of the covered property during the term of the **policy**;
  - vi. Specifications of damaged insured **buildings** and detailed repair estimates;
  - vii. Names of mortgagees or anyone else having a lien, charge, or claim against the insured property;
  - viii. Details about who occupied the covered **building** at the time of loss and for what purpose; and
  - ix. The inventory of damaged personal property described in VIII.7.c. above.
- e. In completing the proof of loss, you must use your own judgement concerning the amount of loss and justify that amount.
- f. You must cooperate with the adjuster or representative in the investigation of the claim.
- g. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.
- h. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim.
- i. At our option, we may accept the adjuster’s report of the loss instead of our proof of loss. The adjuster’s report will include information about your loss and the damages you sustained. You must sign the adjuster’s report. At our option, we may require you to swear to the report.

## 8) Our Options After a Loss

Options we may, in our sole discretion, exercise after loss include the following:

- a. At such reasonable times and places that we may designate, you must:
  - (a) Show us or our representative the damaged property;
  - (b) Submit to examination under oath, while not in the presence of another insured, and sign the same; and
  - (c) Permit us to examine and make extracts and copies of:

- i. Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;
  - ii. **Condominium association** documents including the Declarations of the **condominium**, its Articles of Association or Incorporation, Bylaws, rules and regulations and other relevant documents if you are a **unit** owner in a **condominium building**; and
  - iii. All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.
- b. We may request, in writing, that you furnish us with a complete inventory of the lost, damaged, or destroyed property, including:
  - (a) Quantities and costs;
  - (b) **Actual cash values** or replacement cost (whichever is appropriate);
  - (c) Amounts of loss claimed;
  - (d) Any written plans and specifications for repair of the damaged property that you can reasonably make available to us; and
  - (e) Evidence that prior **flood** damage has been repaired.
- c. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:
  - (a) Repair, rebuild, or replace any part of the lost, damaged, or destroyed property with material or property of like kind and quality or its functional equivalent; and
  - (b) Take all or any part of the damaged property at the value we agree upon or its appraised value.

## 9) No Benefit To Bailee

- i) No person or organization, other than you, having custody of covered property will benefit from this insurance.

## 10) Loss Payment

- a. We will adjust all losses with you. We will pay you unless some other person or entity is named in the **policy** or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files an adjuster's report signed and sworn to by you in lieu of a proof of loss) and:
  - (a) We reach an agreement with you;
  - (b) There is an entry of a final judgment; or
  - (c) There is a filing of an appraisal award with us, as provided in VIII.13.
- b. If we reject your proof of loss in whole or in part, you may:
  - (a) Accept our denial of your claim;
  - (b) Exercise your rights under this **policy**; or
  - (c) File an amended proof of loss, as long as it is filed within 60 days of the date of the loss.

## 11) Abandonment

You may not abandon to us damaged or undamaged property insured under this **policy**.

## 12) Salvage

We may permit you to keep damaged insured property after a loss, and we will reduce the amount of the loss proceeds payable to you under this **policy** by the value of the salvage.

## 13) Appraisal

If you and we fail to agree on the **actual cash value** or, if applicable, replacement cost of your damaged property to settle upon the amount of loss, then either may demand an appraisal of the loss. In this event, you and we will each choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge or a court of record in the State where the insured property is located. The appraisers will separately state the **actual cash value**, the replacement cost, and the amount of loss to each item. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of the loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of **actual cash value** and loss, or if it applies, the replacement cost and loss.

- i) Each party will:
  - a. Pay its own appraiser; and
  - b. Bear the other expenses of the appraisal and umpire equally.

#### 14) Mortgage Clause

The word “mortgagee” includes trustee.

Any loss payable under Coverage A – Building property will be paid to any mortgagee of whom we have actual notice as well as any other mortgagee or loss payee determined to exist at the time of the loss, and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

- (a) Notifies us of any change in the ownership or occupancy, or substantial change in risk of which the mortgagee is aware;
- (b) Pays any premium due under this **policy** on demand if you have neglected to pay the premium; and
- (c) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so.

All the other terms of this **policy** apply to the mortgagee.

The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the **building**.

If we pay the mortgagee for any loss and deny payment to you, we are subrogated to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee’s claim.

#### 15) Suit Against Us

You may not sue us to recover money under this **policy** unless you have complied with all the conditions and requirements of the **policy**. If you do sue, you must start the suit within one year of the date of the written denial of all or part of the claim.

#### 16) Subrogation

Whenever we make a payment for a loss under this **Policy**, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred to us, to the extent that we have paid you for the loss. We may require you to acknowledge this

transfer in writing. After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first, before you may keep any of that money.

### 17) Continuous Lake Flooding

If your insured **building** has been flooded by rising lake waters continuously for 90 days or more and it appears reasonably certain that a continuation of this flooding will result in a covered loss to the insured **building** equal to or greater than the **building policy** limits plus the deductible, or the maximum payable under the **policy** for any one **building** loss, we will pay you the lesser of these two amounts without waiting for the further damage to occur if you sign a release agreeing:

- (a) To make no further claim under this **policy**;
- (b) Not to seek renewal of this **policy**; and
- (c) Not to seek a premium refund for current or prior terms.

If the **policy** term ends before the insured **building** has been flooded continuously for 90 days, the provisions of this paragraph will apply when the insured **building** suffers a covered loss before the **policy** term ends.

### 18) Loss Settlement

#### (1) Introduction

This **policy** provides three methods of settling losses: Replacement Cost, Special Loss Settlement, and **Actual Cash Value**. Each method is used for a different type of property as explained below.

- (a) Replacement Cost loss settlement, described in VIII.18.2. below, applies to single-family **dwelling** provided:

It is your principal residence, which means that, at the time of loss, you or your spouse lived there for at least 80 percent of:

- (i) The 365 days immediately preceding the loss; or
- (ii) The period of your ownership, if you owned the **dwelling** for less than 365 days; and

- (b) Special loss settlement, described in VIII.18.3. below applies to a single-family **dwelling** that is a manufactured or mobile home or a travel trailer.
- (c) **Actual Cash Value** loss settlement applies to a single-family **dwelling** not subject to replacement cost or special loss settlement, and to the property listed in VIII.18.4. below.

#### (2) Replacement Cost Loss Settlement

- (a) We will pay to repair or replace the damaged or destroyed **building** without deduction for depreciation, but not more than the least of the following amounts:
  - (i) The **building** limit of liability shown on your **Declarations Page**;
  - (ii) The replacement cost of that part of the **dwelling** damaged, with materials of like kind and quality, and for like use; or
  - (iii) The necessary amount actually spent to repair or replace the damaged part of the **dwelling** for like use.

- (b) If the **dwelling** is rebuilt at a new location, the cost described above is limited to the cost that would have been incurred if the **dwelling** had been rebuilt at its former location.
  - (c) When the full cost of repair or replacement is more than USD1,000 or more than 5 percent of the whole amount of insurance that applies to the **dwelling**, we will not be liable for any loss under VIII.18.2.a. above unless and until actual repair or replacement is completed.
  - (d) You may disregard the replacement cost conditions above and make claim under this policy for loss to **dwellings** on an **actual cash value** basis. You may then make a claim for any additional liability according to VIII.18.2.a., b. and c.
- (3) Special Loss Settlement**
- (a) The following loss settlement conditions apply to a single-family **dwelling** that:-
    - (i) Is a manufactured or mobile home or a travel trailer, as defined in II.4.b and c; and
    - (ii) At least 16 feet wide when fully assembled and has an area of at least 600 square feet within its perimeter walls when fully assembled, and
    - (iii) Is your principal residence, as specified in VIII.18.1.a. above.
  - (b) If such a **building** is totally destroyed or damaged to such an extent that, in our judgement, it is not economically easible to repair, at least to its pre-damage condition, we will, at our discretion, pay the least of the following amounts:

Sample

- (i) The lesser of the replacement cost of the dwelling or 1.5 times the **actual cash value**; or
- (ii) The building limit of liability shown on your **Declarations Page**.

(c) If such **dwelling** is partially damaged and, in our judgement, it is economically feasible to repair to its pre-damage condition, we will settle the loss accordingly to the replacement cost conditions in VIII.18.2. above.

**(4) Actual Cash Value Loss Settlement**

The types of property noted below are subject to **actual cash value** loss settlement.

- (a) A two-, three-, or four-family **dwelling**.
- (b) A **unit** that is not used exclusively for single-family **dwelling** purposes.
- (c) Detached garages.
- (d) Personal property.
- (e) Appliances, carpets, and carpet pads.
- (f) Outdoor awnings, outdoor antennas or aerials of any type, and other outdoor equipment.
- (g) Any property covered under this policy that is abandoned after a loss and remains debris anywhere on the **described location**.
- (h) A **dwelling** that is not your principal residence.

Sample