

Private Flood Insurance Program Policy

Dwelling Form

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

This **policy** meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation. Similar coverage as contained in this policy is available from insurance agents representing the FEMA National Flood Insurance Program. You can locate an agent at www.floodsmart.gov.

AGREEMENT

We will pay up to the Limits of Liability shown on the **Declarations Page** for **direct physical loss by or from flood**, within the policy period, 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 or found during inspection of the **Described Location** at any time and revise your **policy** based on our review.

I. DEFINITIONS

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

Some definitions are complex because they are provided as they appear in the law or regulations, or result from court cases. The precise definitions are intended to protect you.

Act	The National Flood Insurance Act of 1968 and any amendments to it.
Actual Cash Value	The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
Application	The statement made and signed by you and your agent in applying for this policy . This application gives information we use to determine the eligibility of the risk, the type of policy to be issued, and the correct premium payment. The application is part of the flood insurance policy . For us to issue you a policy , the correct premium payment must accompany the application .
Base Flood	A flood having a one percent chance of being equaled or exceeded in any given year.
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.
Building	A structure with two or more outside rigid walls and a fully secured roof that is affixed to a permanent site. Building does not mean a gas or liquid storage tank or a recreational vehicle, park trailer, or other similar vehicle.

Cancellation	The ending of the insurance coverage provided by this policy before the expiration date.
Declarations Page	A computer-generated summary of information you provided in the application for insurance. The Declarations Page also describes the term of the policy , limits of coverage, and displays the premium and our name. The Declarations Page is a part of this flood insurance policy .
Described Location	The location where the insured building(s) or personal property are found. The described location is shown as the Insured Location on the Declarations Page .
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.
Dwelling	A building designed for use as a residence for no more than four families.
Elevated Building	A building that has no basement or below ground area and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.
Elevated Post-FIRM 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 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.
Emergency Program	The initial phase of a community's participation in the National Flood Insurance Program . During this phase, only limited amounts of insurance are available under the Act .
Flood	As used in this policy , flood means: <ol style="list-style-type: none"> 1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more neighboring properties (at least one of which is your property) from: <ol style="list-style-type: none"> a. Overflow of inland or tidal waters; b. Unusual and rapid accumulation or runoff of surface waters from any source; or c. Mudflow; 2. 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 of water exceeding anticipated cyclical levels that result in a flood as defined in 1.a. above.
Improvements	Fixtures, alterations, installations, or additions comprising a part of the insured dwelling or the apartment in which you reside.
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 .
National Flood Insurance Program (NFIP)	The program of flood insurance coverage and floodplain management administered under the Act and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.
Policy	The entire written contract between you and us. It includes: <ol style="list-style-type: none"> 1. This printed form;

2. The **application** and **Declarations Page**;
3. Any endorsement(s) that may be issued; and
4. Any renewal policy indicating that coverage has been instituted for a new **policy** and new **policy** term.

Only one **dwelling**, which you specifically described in the **application**, may be insured under this policy.

Pollutants

As used in this **policy**, **pollutants** means:

1. The seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous, or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance, or regulation;
2. The presence, existence, or release of anything which endangers or threatens to endanger the health, safety, or welfare of a persons or the environment; or
3. Any solid, liquid, gaseous, fuel lubricant, thermal, acoustic, electrical, or magnetic irritant or contaminant, including but not limited to smoke, vapor, soot, fumes, fibers, radiations, acids, alkalis, petroleums, chemicals or waste. Waste includes medical waste and all other materials to be disposed of, recycled, stored, reconditioned or reclaimed.

Private Flood Insurance Policy (PFIP)

This **Policy**.

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 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.

II. DEDUCTIBLES

- A.** 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 equal to the **flood** deductible shown on the **Declarations Page**.

However, when a **building** under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, your deductible amount will be two times the deductible that would otherwise apply to a completed **building**.

- B.** In each loss from **flood**, separate deductibles apply to the **building** and personal property and Additional Living Expenses insured by this **policy**.
- C.** The deductible does not apply to:
1. **III.C.2 Flood Coverage C – Other Coverages**, Loss Avoidance Measures;
 2. **III.D. Flood Coverage D – Increased Cost of Compliance**

III. PROPERTY COVERED

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 **dwelling** 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 residential (i.e., habitational), 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**, other than a **dwelling**, under construction, alteration, or repair at the **described location**.
 - a. If the structure is not yet walled or roofed as described in the definition for **building** then coverage applies:
 - (1) Only while such work is in progress; or
 - (2) If such work is halted, only for a period of up to 90 continuous days thereafter.
 - b. However, coverage does not apply until the **building** is walled and roofed if the lowest floor, including the **basement** floor, of a non-**elevated building** or the lowest elevated floor of an **elevated building** is:
 - (1) Below the **base flood** elevation in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO; or
 - (2) Below the **base flood** elevation adjusted to include the effect of wave action in Zones VE or V1-V30.

The lowest floor levels are based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1-V30 and the top of the floor in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO.

6. The following items of property which are covered under **Coverage A – Building Property** 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; and
 - t. Wall mirrors, permanently installed.
7. 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. 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 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. Clean-up.

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 by you or your household family members; and

- b. At your option, the property is owned by guests or residence employees.

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.

Personal property in a **building** that is not fully enclosed must be secured to prevent flotation out of the **building**. If the personal property does float out during a **flood**, it will be conclusively presumed that it was not reasonably secured. In that case, there is no coverage for such property.

2. Coverage for personal property includes the following property, subject to **B.1.** above, which is covered under **Coverage B – Personal Property** only:
 - a. Air conditioning units, portable or window type;
 - b. Carpets and rugs, not permanently installed, over unfinished flooring;
 - c. Carpets and rugs over finished flooring;
 - d. Clothes washers and dryers;
 - e. Portable grills;
 - f. 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 location 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. Freezers, other than walk-in, and food in any freezer.
4. If you are a tenant and have insured personal property under **Coverage B – Personal Property** in this **policy**, we will cover such property, including your cooking stove or range and refrigerator. The **policy** will also cover damage to **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**. Use of this insurance is at your option but reduces the personal property limit of liability.
5. **Special Limits.**

We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property. This does not increase the **Coverage B – Personal Property** limit of liability.

 - 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. Jewelry, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;
 - d. Furs or any article containing fur which represents its principal value; or
 - e. Personal property used in any business.
6. We will pay only for the functional value of antiques.

C. Coverage C – Other Coverages

1. Debris Removal

- a. In the event of **direct physical loss by or from flood** to the insured property, we will pay the reasonable expense to remove non-owned debris on or in insured property and owned debris anywhere. This does not include non-owned debris that is outside of insured property.

- 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 – Building Property** or the **Coverage B – Personal Property** limit of liability.

2. Loss Avoidance Measures

a. Sandbags, Supplies, and Labor

(1) We will pay up to \$1,000 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.

(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 – Building Property** or **Coverage B – Personal Property** limit of liability.

b. Property Removed to Safety

(1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the **described location** that contains the 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 must be placed above ground level or outside of the special flood hazard area.

This coverage does not increase the **Coverage A – Building Property** or **Coverage B – Personal Property** 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 a structure suffering **flood** damage. Compliance activities

eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your covered **building**. Eligible floodproofing activities are limited to:

- a. Nonresidential 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

We will pay you up to \$30,000 under this **Coverage D – Increased Cost of Compliance**, which only applies to flood policies with **Coverage A – Building Property**. Our payment of claims under **Coverage D – Increased Cost of Compliance** is in addition to the amount of coverage which you selected on the **application** and which appears on the **Declarations page**. But the maximum you can collect under this policy for both **Coverage A – Building Property** and **Coverage D – Increased Cost of Compliance** cannot exceed the limitations shown on the **Declarations Page for Coverage A – Building Property**. We do not charge a separate deductible for a claim under **Coverage D – Increased Cost of Compliance**.

3. Eligibility

- a. A structure covered under **Coverage A – Building Property** sustaining **direct physical loss by or from flood** within the current policy period 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 is covered by a contract of flood insurance issued under the **PFIP**.
- (b) The structure has suffered **flood** damage on two occasions during a 10-year period which ends on the date of the second loss.
- (c) 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.
- (d) In addition to the current claim, the **NFIP** and, or **PFIP** must have paid the previous qualifying claim, and 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 had **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 – Increased Cost of Compliance** 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 or floodproofing requirements for **flood**-damaged structures to elevations derived solely by the community.

- (3) Elevation or 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. Under the minimum **NFIP** criteria at 44 CFR 60.3 (b)(4), States and communities must require the elevation or floodproofing of structures in unnumbered A zones to the **base flood** elevation where elevation data is obtained from a Federal, State, or other source. Such compliance activities are also eligible for **Coverage D – Increased Cost of Compliance**.
- d. 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.g.** below.
- e. 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 – Increased Cost of Compliance** 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

Under this **Coverage D – Increased Cost of Compliance**, we will not pay for:

- a. The cost to comply with any floodplain management law or ordinance in communities participating in the **Emergency Program**.
- b. The cost associated with enforcement of any ordinance or law that requires any Named 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**.
- c. The loss in value to any insured **building** or other structure due to the requirements of any ordinance or law.
- d. 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.
- e. Any Increased Cost of Compliance under this **Coverage D – Increased Cost of Compliance**:
 - (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 reasonably possible after the loss, not to exceed 2 years.
- f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.
- g. 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.

- h. Loss due to any ordinance or law that you were required to comply with before the current loss.
- i. Any rebuilding activity to standards that do not meet the **NFIP's** minimum requirements. This includes any situation where you have 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.
- j. Increased Cost of Compliance for a garage or carport.
- k. Any structure insured under an **NFIP** Group Flood Insurance Policy.

6. Other Provisions

- a. Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the 80 percent insurance-to-value requirement for replacement cost coverage as set forth in **V.W.** Loss Settlement.
- b. All other conditions and provisions of this **policy** apply.

E. Coverage E – Additional Living Expenses

1. General

- a. If a **flood** loss covered by this policy causes the **dwelling** to become uninhabitable or unfit to live in, we will cover any necessary increase in living expenses you incur to maintain your normal household standard of living.
- b. If a civil authority prohibits you from use of **Described Location** as a result of direct damage to a neighboring location by **flood**, we cover the Additional Living Expense Loss for a period not exceeding two weeks which use is prohibited.
- c. We do not cover loss or expense due to cancellation of a lease or agreement.

2. Limit of Liability

- a. Payment will be for the shortest time required to repair or replace the damage or permanently settle your household elsewhere.
- b. We will pay up to the limit listed on the **Declarations Page** of this **Policy** for Additional Living Expenses per any one occurrence.
- c. The periods of time reference above are not limited by the expiration of this **policy**.

IV. PROPERTY NOT COVERED

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 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**;
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
11. **Buildings** 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 and amendments to these acts;

V. EXCLUSIONS

- A. We only provide coverage for **direct physical loss by or from flood**, which means that we do not pay you for:
 1. Loss of revenue or profits;
 2. Loss of access to the insured property or **described location**;
 3. Loss of use of the insured property or **described location**;
 4. Any additional living expenses incurred while the insured **building** is being repaired, or is unable to be occupied for any reason, unless coverage is provided under **Coverage E – Additional Living Expenses**;
 5. Loss from interruption of business or production;
 6. Loss of electronic data;
 7. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, 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
 8. Any other economic loss.
- B. We do not insure a loss directly or indirectly caused by a **flood** that is already in progress at the time and date:
 1. The **policy** term begins; or
 2. Coverage is added at your request.
- C. 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:
 1. Earthquake;
 2. Landslide;
 3. Land subsidence;

4. Sinkholes;
5. Destabilization or movement of land that results from accumulation of water in subsurface land area; or
6. 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**.

- D. We do not insure for direct physical loss caused directly or indirectly by any of the following:
1. The pressure or weight of ice;
 2. Freezing or thawing;
 3. Rain, snow, sleet, hail, or water spray;
 4. Water, moisture, mildew, or mold damage that results primarily from any condition:
 - a. Substantially confined to the **dwelling**; or
 - b. 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;
 5. Water or waterborne material that:
 - a. Backs up through sewers or drains;
 - b. Discharges or overflows from a sump, sump pump, or related equipment; or
 - c. 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;
 6. 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;
 7. Power, heating, or cooling failure unless the failure results from **direct physical loss by or from flood** to power, heating, or cooling equipment on the **described location**;
 8. Theft, fire, explosion, wind, or windstorm;
 9. Anything you or any member of your household do or conspire to do to cause loss by **flood** deliberately; or
 10. Alteration of the insured property that significantly increases the risk of flooding.
- E. 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.
- F. We do not pay for the testing for or monitoring of **pollutants** unless required by law or ordinance.

VI. GENERAL CONDITIONS

A. Pairs and Sets

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

1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation; or

2. The 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.

B. Concealment or Fraud and Policy Voidance

1. With respect to all Named Insureds under this **policy**, this **policy**:

- a. Is void;
- b. Has no legal force or effect;
- c. Cannot be renewed; and
- d. Cannot be replaced by a new **PFIP policy**;

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

- a. Intentionally concealed or misrepresented any material fact or circumstance;
- b. Engaged in fraudulent conduct; or
- c. Made false statement;

relating to this **policy** or any other **PFIP** insurance.

2. This **policy** will be void as of the date the wrongful acts described in **B.1.** above were committed.
3. Fines, civil penalties, and imprisonment under applicable Federal and/or State laws may also apply to the acts of fraud or concealment described above.

C. Other Insurance

If a loss covered by this **policy** is also covered by other insurance, we will not pay more than the amount of insurance that you are entitled to for lost, damaged, or destroyed property insured under this **policy** subject to the following:

1. We will pay only the proportion of the loss that the amount of insurance that applies under this **policy** bears to the total amount of insurance covering the loss, unless **C.2.** or **C.3.** immediately below applies.
2. If the other policy has a provision stating that it is excess insurance, this policy will be primary.
3. This **policy** will be primary (but subject to its own deductible) up to the deductible in the other **flood** policy (except another policy as described in **C.1.** above). When the other deductible amount is reached, this **policy** will participate in the same proportion that the amount of insurance under this **policy** bears to the total amount of both policies, for the remainder of the loss.

D. Amendments and Waivers

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

E. Cancellation and Non-renewal

We may cancel or non-renew this **policy** by providing not less than forty-five (45) days advance written notice to both you and any mortgagee listed on the **policy**. If we cancel or non-renew this **policy**, coverage provided for the **described location** shall remain in force until the later of expiration, non-renewal, or **cancellation** of coverage, provided you have paid the applicable premium.

In the case that this **policy** is not acceptable to the mortgagee and the mortgagee has confirmed this in writing and within 45 days of the **policy** effective date, we agree to cancel this **policy** flat from inception.

F. Cancellation of Policy by You

1. You may cancel this **policy** in accordance with the applicable rules and regulations of the **NFIP**.
2. If you cancel this **policy**, you may be entitled to a full or partial refund of premium under the applicable rules and regulations of the **NFIP**.

G. Non-renewal of the Policy by Us

Your **policy** will not be renewed:

1. If the community where your covered property is located stops participating in the **NFIP**; or
2. If your **building** has been declared ineligible under Section 1316 of the **Act**.

We may elect not to renew this **policy** pursuant to section **VI.E**.

H. Policy Renewal

This **Policy** will expire at 12:01 a.m. on the last day of the **policy** term, which is shown on the **Declarations Page**.

If we elect to renew this **policy**, we will let you know, in writing:

1. Of our decision to renew this **policy**; and
2. The amount of renewal premium payable to us.

This notice will be delivered to you or mailed to you at your mailing address shown in the **Declaration Page** at least 45 days before the expiration date of this **policy**.

I. Conditions Suspending or Restricting Insurance

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

J. Requirements in Case of Loss

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

1. Give prompt notice to us or your agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the insured property; and
 - b. Keep an accurate record of repair expenses.
3. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that we may examine it;
4. Prepare an inventory of damaged property showing the quantity, description, **actual cash value**, and amount of loss. Attach all bills, receipts, and related documents;
5. 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:
 - a. The date and time of loss;
 - b. A brief explanation of how the loss happened;
 - c. Your interest (for example, "owner") and the interest, if any, of others in the damaged property;
 - d. Details of any other insurance that may cover the loss;
 - e. Changes in the title or occupancy of the covered property during the term of the **policy**;
 - f. Specifications of damaged **buildings** and detailed repair estimates;
 - g. Names of mortgagees or anyone else having a lien, charge, or claim against the covered property;
 - h. Details about who occupied any insured **building** at the time of loss and for what purposes; and
 - i. The inventory of damaged personal property described in **J.4.** above.
6. In completing the proof of loss, you must use your own judgment concerning the amount of loss and justify that amount.
7. You must cooperate with the adjuster or representative in the investigation of the claim.

8. 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.
9. At our option, we may accept the adjuster's report of the loss instead of your 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.
10. You must keep receipts for additional living expenses incurred.

K. Our Options After a Loss

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

1. 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 Named Insured, and sign the same; and
 - c. Permit us to examine and make extracts and copies of:
 - (1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;
 - (2) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.
2. 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.
3. 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.

L. No Benefit to Bailee

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

M. Loss Payment

1. 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 **VII.P.**
2. 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.

N. Abandonment

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

O. 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 the **policy** by the value of the salvage.

P. 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 of a court of record in the State where the covered 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 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.

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

Q. 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 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:

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

All of the terms and conditions 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.

If we decide to cancel or not to renew this **policy**, the mortgagee will be notified at least 45 days before the date that **cancellation** or non-renewal takes effect.

R. Suit Against Us

You may not sue us to recover money under this **policy** unless you have complied with all the requirements of the **policy**. If you do sue, you must start the suit within 1 year after the date of the written denial of all or part of the claim, and you must file the suit in the United States District Court of the district in which the insured property was located at the time of loss. This requirement applies to any claim that you may have under this **policy** and to any dispute that you may have arising out of the handling of any claim under the **policy**.

We agree that, at the request of the Named Insured, we will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this clause constitutes or should be

understood to constitute a waiver of our rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon Lloyd's America, Inc, Attention: Legal Department, 280 Park Avenue, East Tower, 25th Floor, New York, NY 10017, and that we will abide by the final decision of such Court or of any Appellate Court in the event of appeal.

The above-named are authorized and directed to accept service of process on behalf of us in any such suit and/or upon request of the Named Insured to give a written undertaking to the Named Insured that they will enter a general appearance upon our behalf in the event such a suit shall be instituted.

Further, pursuant to any state, territory or district of the United States of America, which makes provision therefore, we designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

S. Subrogation

In the event we make a payment for a loss under this **policy**, your claims to recover those damages from any liable third party for those damages shall be automatically assigned and transferred to us in consideration for the payment(s). That means that your right to recover a claim from any liable third party 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 all or some of the loss. In assigning this claim, you hereby agree that we are authorized to take any action that may be necessary in either our name or yours to compromise, settle, or release such claim. You further acknowledge that any recoveries obtained by us as a result of this assignment are our sole property regardless of whether the payment by under the **policy** is less than your actual loss where permitted under applicable law. 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.

T. Continuous Lake Flooding

1. 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**;
 - c. Not to apply for any flood insurance under the **Act** for property at the **described location**; and
 - d. 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 **T.1.** will apply when the insured **building** suffers a covered loss before the **policy** term ends.

2. If your insured **building** is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either paragraph **T.1.** above or paragraph **T.2.** A "closed basin lake" is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded 1 square mile at any time in the recorded past. Most of the nation's closed basin lakes are in the western half of the United States, where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions.

Under this paragraph **T.2.** we will pay your claim as if the **building** is a total loss even though it has not been continuously inundated for 90 days, subject to the following conditions:

- a. Lake **flood** waters must damage or imminently threaten to damage your **building**.
- b. Before approval of your claim, you must:
 - (1) Agree to a claim payment that reflects your buying back the salvage on a negotiated basis; and
 - (2) Grant the conservation easement described in FEMA's "Policy Guidance for Closed Basin Lakes," to be recorded in the office of the local recorder of deeds. FEMA, in consultation with the community in which the property is located, will identify on a map an area or areas of special consideration (ASC) in which there is a potential for **flood** damage from continuous lake flooding. FEMA will give the community the agreed-upon map showing the ASC. This easement will only apply to that portion of the property in the ASC. It will allow certain agricultural and recreational uses of the land. The only structures that it will allow on any portion of the property within the ASC are certain simple agricultural and recreational structures. If any of these allowable structures are insurable buildings under the **NFIP** and are insured under the **PFIP**, they will not be eligible for the benefits of this paragraph **T.2**. If a U.S. Army Corps of Engineers certified **flood** control project or otherwise certified **flood** control project later protects the property, FEMA will, upon request, amend the ASC to remove areas protected by those projects. The restrictions of the easement will then no longer apply to any portion of the property removed from the ASC; and
 - (3) Comply with paragraphs **T.1.a.** through **T.1.d.** above.
- c. Within 90 days of approval of your claim, you must move your **building** to a new location outside the ASC. We will give you an additional 30 days to move if you show that there is sufficient reason to extend the time.
- d. Before the final payment of your claim, you must acquire an elevation certificate and a floodplain development permit from the local floodplain administrator for the new location of your **building**.
- e. Before the approval of your claim, the community having jurisdiction over your **building** must:
 - (1) Adopt a permanent land use ordinance, or a temporary moratorium for a period not to exceed 6 months to be followed immediately by a permanent land use ordinance, that is consistent with the provisions specified in the easement required in paragraph **T.2.b.** above.
 - (2) Agree to declare and report any violations of this ordinance to FEMA and the Insurer so that under Section 1316 of the National Flood Insurance Act of 1968, as amended, flood insurance to the **building** can be denied; and
 - (3) Agree to maintain as deed-restricted, for purposes compatible with open space or agricultural or recreational use only, any affected property the community acquires an interest in. These deed restrictions must be consistent with the provisions of paragraph **T.2.b.** above, except that, even if a certified project protects the property, the land use restrictions continue to apply if the property was acquired under the Hazard Mitigation Grant Program or the Flood Mitigation Assistance Program. If a nonprofit land trust organization receives the property as a donation, that organization must maintain the property as deed-restricted, consistent with the provisions of paragraph **T.2.b.** above.
- f. Before the approval of your claim, the affected State must take all action set forth in FEMA's "Policy Guidance for Closed Basin Lakes."
- g. You must have **NFIP** and/or **PFIP** flood insurance coverage continuously in effect from a date established by FEMA until you file a claim under paragraph **T.2**. If a subsequent owner buys **NFIP** and/or **PFIP** insurance that goes into effect within 60 days of the date of transfer of title, any gap in coverage during that 60-day period will not be a violation of this continuous coverage requirement. For the purpose of honoring a claim under this paragraph **T.2.**, we will not consider to be in effect any

increased coverage that became effective after the date established by FEMA. The exception to this is any increased coverage in the amount suggested by your insurer as an inflation adjustment.

- h. This paragraph **T.2.** will be in effect for a community when the FEMA Regional Director for the affected region provides to the community, in writing, the following:
 - (1) Confirmation that the community and the State are in compliance with the conditions in paragraphs **T.2.e.** and **T.2.f.** above; and
 - (2) The date by which you must have flood insurance in effect.

U. Duplicate Policies Not Allowed

- 1. We will not insure your property under more than one **PFIP policy**.

If we find that the duplication was not knowingly created, we will give you written notice. The notice will advise you that you may choose one of several options under the following procedures:

- a. If you choose to keep in effect the **policy** with the earlier effective date, you may also choose to add the coverage limits of the later **policy** to the limits of the earlier **policy**. The change will become effective as of the effective date of the later **policy**.
- b. If you choose to keep in effect the **policy** with the later effective date, you may also choose to add the coverage limits of the earlier **policy** to the limits of the later **policy**. The change will be effective as of the effective date of the later **policy**.

In either case, you must pay the pro rata premium for the increased coverage limits within 30 days of the written notice. In no event will the resulting coverage limits exceed the permissible limits of coverage under your insurable interest.

We will make a refund to you, according to applicable **NFIP** rules, of the premium for the **policy** not being kept in effect.

- 2. Your option under **Condition U. Duplicate Policies Not Allowed** to elect which **PFIP policy** to keep in effect does not apply when duplicates have been knowingly created. Losses occurring under such circumstances will be adjusted according to the terms and conditions of the earlier **policy**. The **policy** with the later effective date will be canceled.

V. Inspections, and Surveys

- 1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions that we find; and
 - c. Recommend Changes.
- 2. We are not obligated to make any inspections, surveys, reports, or recommendations and any such actions we do undertake relate only to the insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes, or standards.
- 3. Paragraphs **V.1.** and **V.2.** of this condition apply not only to us, but also to any rating, advisory, rate service, or similar organization which makes insurance inspections, surveys, reports, or recommendations.
- 4. Paragraph **V.2.** of this condition does not apply to any inspections, surveys, reports, or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations of boilers, pressure vessels, or elevators.

W. 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 in **W.1.a.** through **W.1.c.** below.

- a. Replacement Cost loss settlement, described in **W.2.** below, applies to a single-family **dwelling** provided:
 - (1) It is either your principal residence or secondary residence as detailed on the Declarations page ; and
 - (2) At the time of loss, the amount of insurance in this **policy** that applies to the **dwelling** is 80 percent or more of its full replacement cost immediately before the loss, or is the maximum amount of insurance available under this **PFIP**.
- b. Special loss settlement, described in **W.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 **W.4.** below.

2. Replacement Cost Loss Settlement

The following loss settlement conditions apply to a single-family **dwelling** described in **W.1.a.** above and Personal Property as covered under Coverage B:

- a. We will pay to repair or replace the damaged **dwelling** and/or personal property after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The **building** or personal property limit of liability shown on your **Declarations Page** as applicable;
 - (2) The replacement cost of that part of the **dwelling** and/or personal property damaged, with materials of like kind and quality, and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged part of the **dwelling** and/or personal property 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 \$1,000 or more than 5 percent of the whole amount of insurance that applies to the **dwelling** and/or personal property, we will not be liable for any loss under **W.2.a.** above or **W.4.a.(2)** below 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 claim for any additional liability according to **W.2.a.**, **W.2.b.**, and **W.2.c.** above, provided you notify us of your intent to do so within 180 days after the date of loss.

3. Special Loss Settlement

- a. The following loss settlement conditions apply to a single-family dwelling that:
 - (1) Is 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
 - (2) Is your principal residence, as specified in **W.1.a.(1)** above.
- b. If such a **dwelling** is totally destroyed or damaged to such an extent that, in our judgment, it is not economically feasible to repair, at least to its predamage condition, we will, at our discretion, pay the least of the following amounts:
 - (1) The lesser of the replacement cost of the **dwelling** or 1.5 times the **actual cash value**, or
 - (2) The **building** limit of liability shown on your **Declarations Page**.

- c. If such a **dwelling** is partially damaged and, in our judgment, it is economically feasible to repair it to its predamage condition, we will settle the loss according to the Replacement Cost conditions in paragraph **W.2.** above.

4. Actual Cash Value Loss Settlement

The types of property noted below are subject to **actual cash value** [or in the case of **W.4.a.(2)** below, proportional] loss settlement.

- a. A **dwelling**, at the time of loss, when the amount of insurance on the **dwelling** is both less than 80 percent of its full replacement cost immediately before the loss and less than the maximum amount of insurance available under the **PFIP**. In that case, we will pay the greater of the following amounts, but not more than the amount of insurance that applies to that **dwelling**:

- (1) The **actual cash value** of the damaged part of the **dwelling**; or
- (2) A proportion of the cost to repair or replace the damaged part of the **dwelling**, without deduction for physical depreciation and after application of the deductible.

This proportion is determined as follows: If 80 percent of the full replacement cost of the **dwelling** is less than the maximum amount of insurance available under the **PFIP**, then the proportion is determined by dividing the actual amount of insurance on the **dwelling** by the amount of insurance that represents 80 percent of its full replacement cost. But if 80 percent of the full replacement cost of the **dwelling** is greater than the maximum amount of insurance available under the **PFIP**, then the proportion is determined by dividing the actual amount of insurance on the **dwelling** by the maximum amount of insurance available under the **PFIP**.

- b. A two-, three-, or four-family **dwelling**.
- c. Detached garages.
- d. Appliances, carpets and carpet pads.
- e. Outdoor awnings, outdoor antennas or aerials of any type, and other outdoor equipment.
- f. Any property covered under this **policy** that is abandoned after loss and remains as debris anywhere on the **described location**.

5. Amount of Insurance Required

To determine the amount of insurance required for a **dwelling** immediately before the loss, do not include the value of:

- a. Footings, foundations, piers or any other structures that are below the undersurface of the lowest basement floor and support all or part of the **dwelling**;
- b. Those supports listed in **W.5.a.** above that are below the surface of the ground inside the foundation walls if there is no basement; and
- c. Excavations and underground flues, pipes, wiring and drains.

The **Coverage D – Increased Cost of Compliance** limit of liability is not included in the determination of the amount of insurance required.

X. Sanctions Limitations

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto, it is agreed and understood that we shall not be deemed to provide cover and we shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim, or provision of such benefit would expose us to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws, or regulation of the United States of America.

VII. Liberalization Clause

If we make a change that broadens your coverage under this edition of our **policy**, but does not require any additional premium, then that change will automatically apply to your insurance as of the date we implement the change, provided that this implementation date falls within 60 days before, or during, the **policy** term stated on the **Declarations Page**.