



American Risk Insurance Company, Inc.
P.O. Box 270627
Houston, Texas 77277-0627

HOMEOWNER'S DECLARATIONS

Policy # HB118368-02
Renewal
Effective: 04/18/2023

Named Insured and Address: HARIHARASUDHAN SHANMUGAM 4315 GLENIRISH DR KATY, TX 77494-5135	Your Agent's Name and Address: DIG AGENCY, LLC (12633900) 28789 Hardin Store Rd Ste 260 Magnolia, TX 77354 Agent Phone 281-915-9966
Policy Number: HB118368-02 Payment Plan: FULL	Policy Term: Effective: April 18, 2023 Expiration: April 18, 2024 (12:01 AM Standard Time at the location of the Property Insured)

Insurance is to be provided only with respect to the location(s) and/or coverage(s) for which a limit of liability is specified, subject to all of the conditions of the policy.

Location of Property Insured - 4315 GLENIRISH DR KATY, TX 77494-5135

Policy Coverages and Limits of Liability	Limits of Liability	Premium
Basic Coverage Limits and Premium		
Section I - Property Coverages		
Dwelling	357,204	5,394.00
Other Structures	35,720	
Unscheduled Personal Property	142,882	
Loss of Use	71,441	
Section II - Liability Coverages		
Personal Liability Coverage	300,000	25.00
Medical Payments Coverage Each Person/Each Occurrence	5,000	20.00
Other Coverages/Endorsements/Forms		
Replacement Cost for Personal Property		324.00
Subtotal for Basic & Other Coverages:		324.00
Premium Adjustments		
Age Of Dwelling Credit		(1,429.00)
Burglar Alarm Credit		(286.00)
Companion Policy Credit		(286.00)
Deductible Credit		(858.00)
Financial Responsibility Credit		(572.00)
Fire Alarm Credit		(286.00)
Preferred Customer Discount		(286.00)
Subtotal for Premium Adjustments:		(4,003.00)
Policy & Inspection Fees:		50.00
Texas FAIR Plan Assessment Surcharge:		0.00
Total Annual Premium:		1,810.00

THIS IS NOT A BILL



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Policy Deductible																						
For losses arising under Section I, (Coverages A & B), we will pay only that part of the loss in excess of your deductible: DEDUCTIBLE CLAUSE 1 - 7,144 WINDSTORM, HURRICANE, HAIL : DEDUCTIBLE CLAUSE 2 - 7,144 [2 % (minimum 1000)] ALL OTHER PERILS:																						
Schedule of Forms and Endorsements																						
<table border="0"> <tr> <td>ARI HOA 42 RCPP</td> <td>Replacement Cost for Personal Property</td> <td>03/07</td> </tr> <tr> <td>ARI HOB 42 SP</td> <td>Special Provisions - HOB</td> <td>03/07</td> </tr> <tr> <td>ARIPRIVACY</td> <td>ARI Privacy Policy</td> <td>08/01</td> </tr> <tr> <td>CBRIGHTSEN</td> <td>Consumer Bill of Right - BRHO 2005</td> <td></td> </tr> <tr> <td>CD1</td> <td>Use of Credit Information Disclosure</td> <td></td> </tr> <tr> <td>HOBForm</td> <td>Homeowners Policy Form B</td> <td>01/02</td> </tr> <tr> <td>HOBtblContents</td> <td>Table of Contents</td> <td>01/02</td> </tr> </table>		ARI HOA 42 RCPP	Replacement Cost for Personal Property	03/07	ARI HOB 42 SP	Special Provisions - HOB	03/07	ARIPRIVACY	ARI Privacy Policy	08/01	CBRIGHTSEN	Consumer Bill of Right - BRHO 2005		CD1	Use of Credit Information Disclosure		HOBForm	Homeowners Policy Form B	01/02	HOBtblContents	Table of Contents	01/02
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Mortgagee Information																						
First: PROVIDENT FUNDING ASSOCIATES, L.P. ITS SUCCESSORS AND/OR ASSIGNS (ISAOA) PO BOX 5914 SANTA ROSA CA 95402-5914 Loan #: Loan Number: 1631020105 Second: Loan #:																						
Other Interests Information																						



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Policy Number: HB118368-02 Payment Plan: FULL	Policy Term: Effective: April 18, 2023 Expiration: April 18, 2024 (12:01 AM Standard Time at the location of the Property Insured)
<p>*Please read your policy documents carefully as special conditions and exclusions apply, these include, among others:</p> <p>Limited Liability for Watercraft No Liability Coverage For Animals (Unless Limited Dog Coverage is purchased) No Liability For Trampolines No Liability for ATVs or RVs Special Limit On Guns Of \$2500</p> <p>*Your "Consumer Bill of Rights" and "Use Of Credit Information Disclosure" Is Included With Your Policy.</p>	
<p>Coverage afforded is subject to policy limits, terms and conditions.</p> <div style="text-align: center;">  <hr style="width: 25%; margin: 0 auto;"/> </div> <p>Fred Behzadi, President</p>	



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IMPORTANT NOTICE

The estimated cost to replace your home is:

The limit of liability for this structure (Coverage A) is based on an estimate of the cost to rebuild your home, including an approximate cost for labor and materials in your area, as specific information that you have provided about your home.

Many factors can affect the cost to replace your home, including its size, type and/or any unique features. The estimate of the reconstruction cost of your home is based, in part, on the following home characteristic information, which includes information you provided to us or your agent.

It remains your sole responsibility to maintain a limit of liability for the described dwelling (Coverage A) that adequately corresponds to the amount it would cost to reconstruct your entire dwelling at current prices. However, as building materials and labor continually increase, we will keep your coverage in line with inflation, by adjusting your coverage at each renewal.

Flood Insurance: You may also need to consider the purchase of flood insurance. Your insurance policy does not include coverage for damage resulting from a flood even if hurricane winds and rain caused the flood to occur. Without separate flood insurance coverage, or a special flood endorsement that requires the payment of additional premium, you may have uncovered losses caused by a flood. Please discuss the need to purchase separate flood insurance coverage with your insurance agent or insurance company, or visit <http://www.floodsmart.gov/>.

DWELLING PROFILE

Property Location: 4315 GLENIRISH DR KATY. TX 77494-5135

Dwelling Style: Dwelling

Construction: Brick Veneer

Roof: Comp

Garage Type:



IMPORTANT NOTICE To obtain information or make a complaint: You may contact your agent at the telephone number displayed on your declarations page. You may call American Risk Insurance Company toll-free telephone number for information or to make a complaint at 1-866-711-1979

You may write the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at **1-800-252-3439**

You may write the

Texas Department of Insurance, Consumer Protection,
Mail Code 111-1A, P.O.
Box 149091, Austin, Texas 78714-9091

email TDI at ConsumerProtection@tdi.texas.gov

FAX #: (512) 475-1771 Texas Department of Insurance

PREMIUM OR CLAIM DISPUTES: Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved you may contact the Texas Department of Insurance. **ATTACH THIS NOTICE TO YOUR POLICY:**

What you should know about enforcing your rights

Sec. 521.051. DEPARTMENT TOLL-FREE NUMBER FOR INFORMATION AND COMPLAINTS.

FILING COMPLAINTS. You have the right to complain to TDI about any insurance company and/or insurance matter and to receive a prompt investigation and response to your complaint. To do so, you should: call TDI's **Consumer Help Line** at 1-800-252-3439, (512-463-6515 in Austin) for service in both English and Spanish; or download or complete a complaint form online from the TDI website at www.tdi.texas.gov; or

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

AVISO IMPORTANTE

Para informacion o para someter una queja: Puede comunicarse con su agente al umero de telefono que aparece en la pagina de declaraciones. Usted puede llamar al numero de telephono gratis de American Risk Insurance Company para informacion o para someter una queja al **1-866-711-1979**

Puede comunicarse con el Departamento de Seguros de Texas para conseguir informacion acerca de companias, coberturas, derechos o quejas al **1-800-252-3439** Puede escribir al Departamento de Seguros de Texas P.O. Box 149104 Austin, TX 78714-9104 FAX #: (512) 475-1771

DISPUTAS SOBRE PRIMAS O RECLAMOS: Si tiene una diputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el Departamento de Seguros de Texas. **UNA ESTE AVISO A SU POLIZA:** Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

Toll Free Complaint Procedure
1-866-711-1979 American Risk Insurance Company

**QUICK REFERENCE
TEXAS HOMEOWNERS POLICY – FORM B**

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**Prescribed by the Texas Department of Insurance
Homeowners Form B – Effective July 8, 1992
(Revised January 1, 2002)**

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YOUR DUTIES AFTER LOSS

- Section I:
1. Protect the property from further damage.
 2. Give prompt written notice to the company.
 3. Call the police if a law has been broken.
 4. Make a list of all damaged personal property, including costs.
 5. If requested, obtain proof form from your agent or the company and submit within 91 days of the request.
- Section II:
1. Do not make any voluntary payments except for first aid to others at the time of the accident.
 2. Give written notice to agent or company, including details about the accident and any witnesses.
 3. Send copies of legal notices you receive to the company.
 4. Help the company get the necessary information to make settlement.

FOR A COMPLETE LIST OF YOUR DUTIE SEE PAGES 8 AND 15 OF YOUR POLICY.

HOMEOWNERS FORM B

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all the applicable provisions of this policy.

DEFINITIONS

In this policy, "you" and "your" refer to the "named insured" shown on the declarations page and the spouse if a resident of the same household. "We," "us" and "our" refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. "**Bodily injury**" means bodily harm, sickness or disease. This includes required care, loss of services and death that results.
2. "**Business**" includes trade, profession or occupation.
3. "**Business day**", when used in this policy means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.
4. "**Insured**" means you and residents of your household who are:
 - a. Your relatives; or
 - b. Other persons under the age of 21 and in the care of any person named above.

Under Section II liability, "**insured**" also means:

- c. Any person or organization legally responsible for animals or watercraft to which this policy applies. You or a person included in 4.a or 4.b above must own the animal or watercraft. A person or organization using or having custody of these animals or watercraft without consent of the owner is not an **insured**.
- d. With respect to any vehicle to which this policy applies:
 - (1) Any employee of an **insured** while engaged in the employment of the **insured**; or
 - (2) Any other person using the vehicle on an **insured location** with your consent.
5. "**Insured location**" means:

- a. The **residence premises**.
- b. The part of other premises, other structures and grounds you use as a residence and:
 - (1) Which is shown on the declarations page; or
 - (2) Which you acquire during the policy period for your use as a residence.
- c. Any premises you use in connection with a premises in 5.a or 5.b above.
- d. Any part of a premises:
 - (1) Not owned by an **insured**; and
 - (2) Where an **insured** is temporarily residing.
- e. Vacant land, other than farm land, owned by or rented to an **insured**.
- f. Land owned by or rented to an **insured** on which a one or two family dwelling is being built as a residence for an **insured**.
- g. Individual or family cemetery plots or burial vaults of an **insured**.
- h. Any part of a premises occasionally rented to an **insured** for other than **business** use.
6. "**Occurrence**" means an accident, including exposure to conditions, which result in **bodily injury** or **property damage** during the policy period.
7. "**Property damage**" means injury to, destruction of, or loss of use of property.
8. "**Residence employee**" means an employee of an **insured** who performs duties related to the ownership, maintenance or use of the **residence premises**, including maintenance or use of a motor vehicle. This includes employees who perform similar duties elsewhere for an **insured**. This does not include employees while performing duties related to the **business** of an **insured**.
9. "**Residence premises**" means the **residence premises** shown on the declarations page. This includes the one or two family dwelling, including other structures, and grounds where an

insured resides or intends to reside within 60 days after the effective date of

this policy.

SECTION I – PROPERTY COVERAGES

COVERAGE A (DWELLING)

We cover:

1. the dwelling on the **residence premises** shown on the declarations page including structures attached to the dwelling.
2. other structures on the **residence premises** set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection.

The total limit of liability for other structures is the limit of liability shown on the declaration page or 10% of the Coverage A (Dwelling) limit of liability, whichever is greater. This is additional insurance and does not reduce the Coverage A (Dwelling) limit of liability.

We do not cover other structures:

- a. used for business purposes; or
- b. wholly rented to any person, unless used solely as a private garage.
3. wall to wall carpeting attached to a building on the **residence premises**.

COVERAGE B (PERSONAL PROPERTY)

We cover:

1. a. personal property owned, worn or used by an **insured** while on the **residence premises**. This includes window or wall air conditioning units.
b. at your request, property of other while the property is on the part of the **residence premises** occupied by an **insured**.
2. a. personal property owned, worn or used by an **insured** anywhere in the world.
b. at your request, personal property of a **residence employee** when:
(1) the property is away from the residence premises of the **residence employee** and in the control of the **residence employee**; and
(2) while the **residence employee** is performing work for you.

Our total limit of liability under 2.a and 2.b above is 10% of the Coverage B (Personal Property) limit of liability or \$1000, whichever is greater. This is additional insurance and does not reduce the Coverage B (Personal Property) limit of liability.

SPECIAL LIMITS OF LIABILITY.

These limits do not increase the Coverage B (Personal Property) limit of liability. The special limit for each numbered category below is the total limit for each loss for all property in the category.

1. Money/Bank Cards. \$100 on money or numismatic property or loss by theft or unauthorized use of bank fund transfer cards registered to an **insured**.
2. Bullions/Valuable Papers. \$500 on gold or silver bullion, manuscripts, notes, securities, stamps, philatelic property, accounts, bills, deeds, evidences of debt, letters of credit, passports, documents, transportation or other tickets.
3. Jewelry/Watches/Furs. \$500 for loss by theft of gems, watches, jewelry or furs.
4. Business Personal Property. \$2,500 on **business** property.

We do not cover any **business** property:

- a. That consists of samples or articles for sale or delivery; or
- b. If the property is away from the **residence premises**.

PROPERTY NOT COVERED. We do not cover:

1. articles separately described and specifically insured by this or other insurance.
2. animals or birds.
3. motor or engine propelled vehicles or machines designed for movement on land, including attached machinery or equipment.

However, we do cover such vehicles which are not subject to motor vehicle registration and are:

- a. Devices and equipment for assisting the handicapped.
 - b. Power mowers.
 - c. Golf carts.
 - d. Vehicles or machines used for recreational purposes while located on the **residence premises**.
 - e. Farm equipment not designed for use principally on public roads.
4. trailers, semi-trailers or mobile homes.

However, we do cover:

- a. Trailers and semi-trailers that are designed for use principally off public roads.
 - b. Boat trailers while on the **residence premises**.
5. aircraft meaning any device used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo.
6. watercraft, including outboard motors and furnishings or equipment.

We do cover water craft, including outboard motors and furnishings or equipment, while located on land on the **residence premises**.

- 7. property of roomers or tenants.
- 8. property usually rented to others off the **residence premises**.

EXTENSIONS OF COVERAGE.

1. **DEBRIS REMOVAL.** We will pay your expenses for the removal from the **residence premises** of:
- a. Debris of covered property if a Peril Insured Against causes the loss.
 - b. A tree that has damaged covered property if a Peril Insurance Against causes the tree to fall.

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

2. **LOSS OF USE.** If a loss caused by a Peril Insured Against under Section I makes the **residence premises** wholly or partially untenable, we cover:
- a. Additional living expense, meaning any necessary and reasonable increase in living expense you incur so that your household can maintain its normal standard of living.

- b. Fair rental value, meaning the fair rental value of that part of the **residence premises** usually rented to other by you, less any expenses that you do not continue.

The total limit of liability for all loss of use is 20% of the Coverage A (Dwelling) limit of liability. This is additional insurance and does not reduce the Coverage A (Dwelling) limit of liability. The deductible clause does not apply to loss of use coverage.

Payment will be for the reasonable time required to repair or replace the damage property. If you permanently relocate, payment will be for the reasonable time required for you household to become settled.

The periods of time for loss of use are not limited by expiration of this policy.

3. **REASONABLE REPAIRS.** If a Peril Insured Against causes the loss, we will pay the reasonable cost you incur for necessary repairs made solely to protect covered property from further damage. This coverage does not increase the limit of liability that applies to the property being repaired.
4. **TRESS, SHRUBS, PLANTS AND LAWNS.** We cover tress, shrubs, plants and lawns, on the **residence premises**, only for loss caused by the following Perils Insured Against: Fire or Lightening, Explosion, Aircraft, Vehicles not owned or operated by a resident of the **residence premises**. Vandalism and Malicious Mischief, Riot and Civil Commotion and Theft or attempted theft.

The maximum limit of liability for this coverage is 5% of the Coverage A (Dwelling) limit of liability. We will not pay more than \$250 for any one tree, shrub or plant, including the cost of removal. We do not cover property grown for **business** purposes.

This is not additional insurance and does not increase the Coverage A (Dwelling) limit of liability. The deductible clause does not apply to trees, shrubs, plants and lawns.

5. **PROPERTY REMOVED.** We pay for expense and damage incurred in the removal of covered property from an **insured location** endangered by a Peril Insured Against. This coverage exists on a pro rata basis for 30 days at each location to which such property is removed for preservation. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.
6. **CONSEQUENTIAL LOSS.** We insure:
 - a. Property contained in a building on the **residence premises** against a loss due to change in temperature as a direct result of physical damage to the dwelling, or any equipment contained in the dwelling, caused by a Peril Insured Against. The deductible clause does not apply to this coverage.
 - b. property contained in a building on the **residence premises** against loss due to change in temperature as a direct result of physical damage to any power, heating or cooling equipment (including connections and supply pipes) not contained in or on the

dwelling, caused by a Peril Insured Against.

The total limit of liability for the coverage described in 6.b above is \$500. This is not additional insurance and does not increase the Coverage B (Personal Property) limit of liability.

7. **AUTOMATIC REMOVAL.** If you move from the residence premises shown on the declarations page to another location within the United States, to be occupied as your principal residence, we cover:
 - a. the personal property under Coverage B (Personal Property) at each location in the proportion that the value at each location bears to the total value of all the personal property covered under Coverage B (Personal Property).
 - b. property in transit up to 10% of the Coverage B (Personal Property) limit of liability or \$1,000, whichever is greater.

We provide coverage for only 30 days from the date the removal begins.

SECTION I – PERILS INSURED AGAINST

COVERAGE A (DWELLING)

We insure against all risks of physical loss to the property described in Section I Property Coverage, Coverage A (Dwelling) unless the loss is excluded in Section I Exclusions.

COVERAGE B (PERSONAL PROPERTY)

We insure against physical loss to the property described in Section I Property Coverage, Coverage B (Personal Property) caused by a peril listed below, unless the loss is excluded in Section I Exclusions.

1. **Fire and Lightning**
2. **Sudden and Accident Damage from Smoke.**
3. **Windstorm, Hurricane and Hail.**
4. **Explosion.**
5. **Aircraft and Vehicles.**
6. **Vandalism and Malicious Mischief.**
7. **Riot and Civil Commotion.**

8. **Collapse of Building** or any part of the building.
9. **Accidental Discharge , Leakage or Overflow of Water or Stream** from within a plumbing, heating or air conditioning system or household appliance.

A loss resulting from this peril includes the cost of tearing out and replacing any part of the building necessary to repair or replace the system or appliance. But this does not include loss to the system or appliance from which the water or steam escaped.

Exclusions 1.a through 1.h under Section I Exclusions do not apply to loss caused by this peril.

10. **Falling Object.**

This peril does not include loss to property contained in a building unless the roof or outside wall of the building is first damaged by the falling object.

11. **Freezing** of household appliances.

12. **Theft**, including attempted theft and loss of property from a known place when it is likely that the property has been stolen.

SECTION I – EXCLUSIONS

1. The following exclusions apply to loss to property described under Coverage A (Dwelling) or Coverage B (Personal Property), but they do not apply to an ensuing loss caused by fire, smoke or explosion.
 - a. We do not cover loss to electrical devices or wiring caused by electricity other than lightning.
 - b. We do not cover loss caused by smog or by smoke from industrial or agricultural operations.
 - c. We do not cover loss caused by windstorm, hurricane or hail to:
 - (1) Cloth awnings, greenhouses and their contents, buildings or structures located wholly or partially over water and their contents.
 - (2) Radio and television towers, outside satellite dishes, masts and antennas, including lead-in wiring, wind chargers and windmills.
 - (3) Personal property contained in a building unless direct force of wind or hail makes an opening in the roof or wall and the rain, snow, sand or dust enters through this opening and causes the damage.
 - d. We do not cover the loss of the following property by theft, including attempted theft and loss of property from a known place when it is likely that the property has been stolen.
 - (1) Personal property while away from the **residence premises** at any other residence owned by,

- rented to or occupied by an **insured**, except while an **insured** is temporarily living there.
- (2) Building materials and supplies not on the **residence premises**.
- e. We do not cover loss to machinery, appliances and mechanical devices caused by mechanical breakdown.
- f. We do not cover loss caused by:
 - (1) Wear and tear, deterioration or loss caused by any quality in property that causes it to damage or destroy itself.
 - (2) Rust or rot.
 - (3) Dampness of atmosphere, extremes of temperature.
 - (4) Contamination
 - (5) Rats, mice, termites, moths or other insects.

We do not cover ensuing loss caused by collapse of building or any part of the building, water damage or breakage of glass which is part of the building if the loss would otherwise be covered under this policy.

- g. We do not cover loss caused by animals or birds owned or kept by an **insured** or occupant of the **residence premises**.

We do cover ensuing loss caused by collapse of building or any part of the building, water damage or breakage of glass which is part of the building if the loss would otherwise be covered under this policy.

- h. We do not cover loss under Coverage A (Dwelling) caused by

settling, cracking, bulging, shrinkage, or expansion of foundations, walls, floors, ceilings, roof structures, walks, drives, curbs, fences, retaining walls or swimming pools.

We do cover ensuing loss caused by collapse of building or any part of the building, water damage or breakage of glass which is part of the building if the loss would otherwise be covered under this policy.

- i. We do not cover loss caused by or resulting from flood, surface water, waves, tidal water or tidal waves, overflow of streams or other bodies of water or spray from any of these whether or not driven by wind.

We do cover an ensuing loss by theft or attempted theft or any act or attempted of stealing.

- j. We do not cover loss caused by or resulting from freezing while the building is unoccupied unless you have used reasonable care to:
 - (1) Maintain heat in the building, or
 - (2) Shut off the water supply and drain plumbing, heating and air conditioning systems of water.
- k. We do not cover loss caused by earthquake, landslide or earth movement.
- l. We do not cover loss caused by or resulting from mold, fungi or other microbes.

However, we do cover ensuing mold, fungi, or other microbial losses caused by or resulting from sudden and accidental discharge, leakage or overflow of water if the sudden and accidental discharge, leakage or overflow of water loss would otherwise be covered under this policy.

Sudden and accidental shall include a physical loss that is hidden or concealed for a period of time until it is detectable. A hidden loss must be reported to us no later than 30 days after the date you detect or should have detected the loss.

For purposes of this exclusion, ensuing mold, fungi or other microbial losses

covered under this policy, include reasonable and necessary repair or replacement of property covered under Coverage A (Dwelling) and/or Coverage B (Personal Property).

We do not cover the cost for remediation, including testing of ensuing mold, fungi or other microbes. We do not cover any increase in expenses for Loss of Use and/or Debris Removal due to remediation and testing of ensuing mold, fungi or other microbes.

Remediate means to treat, contain, remove or dispose of mold, fungi or other microbes beyond that which is required to repair or replace the covered property physically damaged by water or steam. Remediation includes any testing to detect, measure or evaluate mold, fungi or other microbes and any decontamination of the **residence premises** or property.

2. **GOVERNMENTAL ACTION.**

We do not cover loss caused by the destruction of property by order of governmental authority.

But we do cover loss caused by acts of destruction ordered by governmental authority taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

3. **BUILDING LAWS.**

We do not cover loss caused by or resulting from the enforcement of any ordinance or law regulating the construction, repair or demolition of a building or structure.

“**Building Laws**” exclusion is modified to provide coverage only to the extent described under Perils Insured Against.
(a) Coverage Provided.

You may use up to \$5,000 (at no additional premium) for the increased costs that you incur due to the enforcement of any ordinance or law, which requires or regulates:

- (1) The construction, demolition or repair of that part of a covered building or other structure

- damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
 - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

You may use all or part of this coverage to pay for the increased costs you incur to remove debris resulting from the construction, replacement of property stated in (a) above.

This is additional insurance and does not reduce the Coverage A (Dwelling) limit of Liability.

- (b) Building Ordinance or Law Coverage Limitations.

We will not pay for the increased cost of construction:

- (1) If the building or structure is not rebuilt or repaired;
- (2) If the rebuilt or repaired building or structure is not intended for the same type occupancy as the current building or structure;
- (3) Until the building or structure is actually repaired or rebuilt at the same premises; or
- (4) Unless the rebuilding or repairs are made as soon as reasonably possible after the loss or damage, not to exceed 365 days after loss unless you have requested in writing that this time limit be extended for an additional 180 days.

- (c) We do not cover:
 - (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
 - (2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, assess the affects of, pollutants on any covered building or other structure.

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

- (d) If the insured property is located in an area which is eligible for coverage through Texas Windstorm Insurance Association, the coverage described above, also applies to the increased cost you incur due to the repair, replacement or demolition required for the dwelling to comply with the building specifications contained in the Texas Windstorm Insurance Association's plan of operation.

All other Terms of the policy apply.

4. WAR DAMAGE

We do not cover loss resulting directly or indirectly from war. This includes undeclared war, civil war, insurrection, rebellion, revolution, warlike act by military personnel, destruction or seizure or use for military purpose, and any consequence of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

5. NUCLEAR DAMAGE.

We do not cover loss resulting directly or indirectly from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused. We cover direct loss by fire resulting from nuclear reaction, radiation or radioactive contamination.

SECTION I – DEDUCTIBLES

DEDUCTIBLE CLAUSE 1 – WINDSTORM, HURRICANE, HAIL OR WIND DRIVEN RAIN – The amount shown on the declarations page for Deductible Clause 1 will be deducted from the combined amount of each loss under Coverage A (Dwelling) and Coverage B (Personal Property) that results from windstorm, hurricane, hail or wind driven rain.

DEDUCTIBLE CLAUSE 2 – ALL OTHER PERILS. The amount shown on the

declarations page for Deductible Clause 2 will be deducted from the combined amount of each loss under Coverage A (Dwelling) and Coverage B (Personal Property), unless the loss results from windstorm, hurricane, hail or wind driven rain.

If a single event causes loss by windstorm, hurricane, hail or wind driven rain and loss by lightning, only the larger deductible will apply.

SECTION 1 – CONDITIONS

1. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:
 - a. To the **insured** for more than the amount of the **insured's** interest at the time of loss; or
 - b. For more than the applicable limit of liability.

Each time there is a loss to any building insured under Coverage A (Dwelling), the amount of insurance applicable to that building for loss by fire will be reduced by the amount of the loss. As repairs are made, the amount of insurance will be reinstated up to the limit of liability shown on the declarations page.

Article 6.13. Policy A Liquidated Demand. A fire insurance policy, in case of total loss by fire of property insured, shall be held and considered to be a liquidated demand against the company for the full amount of such policy. The provisions of this article shall not apply to personal property.

2. **Residential Community Property Chase.** This policy, subject to all other terms and conditions, when covering residential community property, as defined by state law, shall remain in full force and effect as to the interest of each spouse covered, irrespective of divorce or change of ownership between the spouses unless excluded by endorsement attached to this policy,

until the expiration of the policy or until cancelled in accordance with the terms and conditions of this policy.

3. **Duties After Loss.**
 - a. **Your Duties After Loss.** In case of a loss to covered property caused by a peril insured against, you must:
 - (1) Give prompt written notice to us of the facts relating to the claim.
 - (2) Notify the police in case of loss by theft.
 - (3)
 - (1) Protect the property from further damage.
 - (2) Make reasonable and necessary repairs to protect the property.
 - (3) Keep an accurate record for repair expenses.
 - (4) Furnish a complete inventory of damaged personal property showing the quantity, description and amount of loss. Attach all bills, receipts and related documents which you have that justify the figures in the inventory.
 - (5) As often as we reasonably require:
 - (1) Provide us access to the damaged property.
 - (2) Provide us with pertinent records and documents we request and permit us to make copies.
 - (3) Submit to examination under oath and sign and swear to it.

(6) Send to us if we request, your signed sworn proof of loss within 91 days of our request on a standard form supplied by us. We must request a signed sworn proof of loss within 15 days after we receive your written notice, or we waive our right to require a proof of loss. Such waiver will not waive our other rights under this policy.

- (1) This proof of loss shall state, to the best of your knowledge and belief:
 - (a) The time and cause of loss.
 - (b) The interest of the **insured** and all others in the property involved including all liens on the property.
 - (c) Other insurance which may cover the loss.
 - (d) The actual cash value of each item of property and the amount of loss to each item.
- (2) If you elect to make a claim under the Replacement Cost Coverage of this policy, this proof of loss shall also state, to the best of your knowledge and belief:
 - (a) The replacement cost of the described dwelling.
 - (b) The replacement cost of any other building on which loss is claimed.
 - (c) The full cost of repair or replacement of loss without deduction for depreciation.

b. **Our Duties After Loss.**

- (1) Within 15 days after we receive your written notice of claim, we must:
 - (a) Acknowledge receipt of the claim.

If our acknowledgement of the claim is not in writing, we will keep a record of the date, method and content of our acknowledgement.

- (b) Begin any investigation of the claim.
- (c) Specify the information you must provide in accordance with "Your Duties After Loss" (item 3.a above)

We may request more information, if during the investigation of the claim such additional information is necessary.

- (2) After we receive the information we request, we must notify you in writing whether the claim will be paid or has been denied or whether more information is needed:
 - (a) Within 15 business days; or
 - (b) Within 30 days if we have reason to believe the loss resulted from arson.
- (3) If we do not approve payment of your claim or require more time for processing your claim, we must:
 - (a) Give the reasons for denying your claim; or
 - (b) Give the reasons we require more time to process your claim. But, we must either approve or deny your claim within 45 days after requesting more time.

4. **Loss Settlement.** Covered property losses are settled as follows:
 - a. Our limit of liability and payment for covered losses to personal property, wall to wall carpeting, cloth awnings and fences will not exceed the smallest of the following:
 - (1) The actual cash value at the time of loss determined with proper deduction for depreciation;
 - (2) The cost to repair or replace the damaged property with material of like kind and quality, with proper deduction for depreciation;
 - (3) The specified limit of liability of the policy.
 - b. Our limit of liability for covered losses to dwelling and other

structure(s) under Coverage A (Dwelling), except wall to wall carpeting, cloth awnings and fences, will be at replacement cost settlement subject to the following:

- (1) If, at the time of loss, the Coverage A (Dwelling) limit of liability is 80% or more of the full replacement cost of the dwelling, we will pay the repair or replacement cost of the damaged building structure(s), without deduction for depreciation.
- (2) If, at the time of loss, the Coverage A (Dwelling) limit of liability is less than 80% of the full replacement cost of the dwelling, we will pay only a proportionate share of the full replacement cost of the damaged building structure(s). Our share is equal to:

$$\frac{\text{Replacement Cost of the Loss}}{\text{Coverage A (Dwelling) Limit of Liability}} \times 80\% \text{ of Replacement Cost of the Dwelling.}$$

- (3) If, at the time of loss, the actual cash value of the damaged building structure(s) is greater than the replacement cost determined under (1) or (2) above, we will pay the actual cash value up to the applicable limit of liability.

In determining the amount of insurance required to equal 80% of the full replacement cost of the dwelling, do not include the value of excavations, underground pipes, and wiring and foundations which are below the surface of the ground. We will pay only the actual cash value of the damaged building structure(s) until repair or replacement is completed. Repair or replacement must be completed within 365 days after loss unless you request in writing that this time limit be extended for an additional 180 days. Upon completion of

repairs or replacement, we will pay the additional amount claimed under replacement cost coverage, but our payment will not exceed the smallest of the following:

- (a) The limit of liability under this policy applicable to the damaged or destroyed building structure(s)
 - (b) The cost to repair or replace that part of the building structure(s) damaged, with material of like kind and quality and for the same use and occupancy on the same premises; or
 - (c) The amount actually and necessarily spent to repair or replace the damaged building structure(s).
5. **Loss to a Pair or Set.** In case of loss to an item which is part of a pair or set, the measure of loss shall be a reasonable and fair proportion of the total value of the pair or set. The importance of the item will be considered in assessing the loss. Such loss will not be considered a total loss of the pair or set.
 6. **Salvage Rights.** If we notify you that we will pay your claim or part of your claim, the notice must also state whether we will or will not take all or any part of the damaged property. We must bear the expense of our salvage rights.
 7. **Appraisal.** If you and we fail to agree on the actual cash value, amount of loss, or the cost of repair or replacement, either can make a written demand for appraisal. Each will then select a component, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will choose and 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 district court of a judicial district where the loss occurred. The two appraisers will then set the amount of loss, stating separately the actual cash value and loss to each item. If you or we request that they do so, the appraisers will also set:

- a. The full replacement cost of the dwelling.
- b. The full replacement cost of any other building upon which loss is claimed.
- c. The full cost of repair or replacement of loss to such building, without deduction for depreciation.

If the appraisers fail to agree, they will submit their differences to the umpire. An itemized decision agreed to by any two of these three and filed with us will set the amount of the loss. Such award shall be binding on you and us.

Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally.

8. Loss Payment.

- a. If we notify you that we will pay your claim, or part of your claim, we must pay within 5 business days after we notify you.
- b. If payment of your claim or part of your claim requires the performance of an act by you, we must pay within 5 business days after the date you perform the act.

9. Catastrophe Claims.

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

Catastrophe or Major Natural Disaster means weather related even which:

- a. Is declared a disaster under the Texas Disaster Act of 1975; or
- b. Is determined to be a catastrophe by the State Board of Insurance.

10. Other Insurance – Section I. Other insurance is permitted on property covered by this policy, but other insurance covering the dwelling is not permitted. If a loss covered by this policy is also covered by other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss.

- 11. **Suit Against Us.** No suit or action can be brought unless the policy provisions have been complied with. Action brought against us must be started within two years and one day after the cause of actions accrues.
- 12. **Abandonment of Property.** There can be no abandonment of property to us.
- 13. **Vacancy.** If the insured moves from the dwelling and substantial part of the personal property is removed from that dwelling, the dwelling will be considered vacant. Coverage that applies under Coverage A (Dwelling) will be suspended effective 60 days after the dwelling becomes vacant. This coverage will remain suspended during such vacancy.
- 14. **Mortgage Clause (without contribution).**
 - a. The word “mortgagee” includes trustee.
 - b. We will pay for any covered loss of or damage to buildings or structures to the mortgagee shown on the declarations page as interests appear.
 - c. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building or structure.
 - d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgagee has the right to receive loss payment if the mortgagee:
 - (1) At our request, pays any premiums due under this policy, if you have failed to do so.
 - (2) Submits a signed, sworn settlement of loss within 91 days after receiving notice from us of your failure to do so.
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgagee.

All of the terms of this policy will then apply directly to the mortgagee. Failure of the mortgagee to comply with d. (1), d. (2), or d. (3) above shall void this policy as to the interest of the mortgagee.

- e. If we pay the mortgagee for any loss or damage and deny payment to you because of your acts or because you fail to comply with the terms of this policy:
 - (1) The mortgagee's rights under the mortgage will be transferred to us to extent of the amount we pay.
 - (2) The mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.

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

- f. If this policy is cancelled, we will give the mortgagee specifically named on the declarations page written notice of cancellation. If we cancel the policy, we will give the mortgagee the same number of days notice of cancellation we give to you.
If you cancel the policy, we will give the mortgagee notice of cancellation to be effective on the date stated in the notice. The date of cancellation

cannot be before the 10th day after the date we mail notice. We will not give the notice of cancellation to any successor or assignee of the mortgagee named in this policy.

- g. If the property described under Coverage A (Dwelling) is foreclosed upon under the deed of trust, the mortgagee may cancel this policy of insurance and will be entitled to any unearned premiums from this policy. The mortgagee must credit any unearned premium against any deficiency owned by the borrower and return any unearned premium not so credited to the borrower. The unearned premium will be figured using the customary pro rata procedures.
- h. If we elect not to renew this policy, the mortgagee specifically named on the declarations page will be given 30 days written notice of the non-renewal.

15. **No Benefit to Bailee.** We will not recognize any assignment or grant any coverage for the benefit of a person or organization holding, storing or moving property for a fee.

SECTION II – LIABILITY COVERAGE

COVERAGE C (Personal Liability)

If a claim is made or a suit is brought against an **insured** for damages because of **bodily injury** or **property damage** caused by an **occurrence** to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which the insured is legally liable. Damages include prejudgment interest awarded against the insured; and
2. provide a defense at our expense by counsel of our choice even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate.

COVERAGE D (Medical Payments to Others)

We will pay the necessary medical expenses incurred or medically determined within three years from the date of an accident causing **bodily injury**. Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic device and funeral services. This coverage does not apply to you or regular residents of your household. This coverage does **apply** to residence employees. As to others, this coverage applies only:

- 1) To a person on the **insured location** with the permission of an **insured**.
- 2) To a person off the **insured location**, if the **bodily injury**:
 - a) Arises out of a condition on the **insured location** or the ways immediately adjoining.

- b) Is caused by the activities of an **insured**.
- c) Is caused by a **residence employee** in the course of the **residence employee's** employment by an **insured**.
- d) Is caused by an animal owned by or in the care of an **insured**.

SECTION II – EXCLUSIONS

1. **Coverage C (Personal Liability) and Coverage D (Medical Payments to Others)** do not apply to:
 - a. **Bodily injury** or **property damage** which is caused intentionally by or at the direction of an **insured**;
 - b. **Bodily injury** or **property damage** arising out of or in connection with a **business** engaged in by an **insured**. But this exclusion does not apply to activities which are ordinarily incidental to non-business pursuits.
 - c. **Bodily injury** or **property damage** arising out of the rental or holding for rental of any part of any premises by an **insured**. This exclusion does not apply to the rental or holding for rental of an **insured location**:
 - 1) On an occasional basis if used only as a residence.
 - 2) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders.
 - 3) In part, as an office, school or studio.
 - 4) If the rental is for not more than three car spaces or stalls in garages or stables.
 - d. **Bodily injury** or **property damage** arising out of the rendering of or failure to render professional services.
 - e. **Bodily injury** or **property damage** arising out of a premises:
 - 1) Owned by an **insured**.
 - 2) Rented to an **insured**; or
 - 3) Rented to others by an **insured**;

That is not an **insured location**. This exclusion does not apply to **bodily injury** to **residence employee** arising out of and in the course of the **residence**
 - f. **Bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of:
 - 1) Motor or engine propelled vehicles or machines designed for movement on land, including attached machinery or equipment;
 - 2) Trailers, semi-trailers or mobile homes;

Which are owned or operated by or rented or loaned to an **insured**.
- However, this exclusion does not apply to:
1. motor vehicles which are not subject to motor vehicle registration and are:
 - a. Used for assisting the handicapped.
 - b. Used to service an **insured location**.
 - c. Golf carts while on the **residence premises** or used for golfing purposes.
 - d. Designed and used for recreational purposes; and are:
 - 1) Not owned by an **insured**; or
 - 2) Owned by an **insured** while on the **residence premises**.
 - 3) In dead storage on the **residence premises**.
 - 4) Used exclusively on the **residence premises**.
 2. Trailers or semi-trailers while not being towed by or carried on a motor vehicle. This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an **insured**.
 - g. **Bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of watercraft:
 - 1) With inboard or inboard-outdrive motor power of more than 50

- horsepower owned by or rented to an **insured**.
- 2) Powered by one or more outboard motors with more than 25 total horsepower if the outboard motor is owned by an **insured**. But, outboard motors of more than 25 total horsepower are covered for the policy period if:
 - (1) You acquire them prior to the policy period and:
 - (a) You declare them at policy inception; or
 - (b) You acquire them during the policy period.
 - 3) That is a sailing vessel, with or without auxiliary power, which is 26 feet or more in length owned by or rented to an **insured**.

This exclusion does not apply while the watercraft is on the **residence premises**.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an **insured**.

- h. **Bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of aircraft.

Aircraft means any device used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an **insured**.

- i. **Bodily injury** or **property damage** arising out of:
 - 1) Entrustment by an **insured** to any person; or
 - 2) The negligent supervision by an **insured** of any person;

With regard to the ownership, maintenance or use of any motor vehicle, watercraft or aircraft which is excluded in paragraph f., g., or h. above.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of and in the course of the **residence employee's** employment by an **insured**.

- j. **Bodily injury** or **property damage** caused directly or indirectly by war. This includes undeclared war, civil war, insurrection, rebellion, revolution, warlike act by military force or military personnel, destruction or seizure or use for military purpose, and any consequence of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
 - k. **Bodily injury** or **property damage** arising out of the transmission of sickness or disease by an **insured** through sexual contact.
 - l. **Bodily injury** to a person eligible to receive any benefits voluntarily provided or required to be provided by an **insured** under any workers' compensation law or occupational disease law.
2. **Coverage C (Personal Liability)** does not apply to:
- a. Liability under any contract or agreement.

However, this exclusion does not apply to written contracts:

- 1) That directly relate to the ownership, maintenance or use of an **insured location**, or
 - 2) Where the liability of others is assumed by an **insured**; Unless excluded elsewhere in this policy.
- b. **Property damage** to property owned by an **insured**.
 - c. **Property damage** to property rented to, occupied or used by or in the care of an **insured**.

This exclusion does not apply to **property damage** caused by fire, smoke or explosion.

- d. **Bodily injury** or **property damage** for which an **insured** under this policy is also an insured under a nuclear energy liability policy or would be an insured under that

policy but for the exhaustion of its limits of liability.

A nuclear energy liability policy is one issued by American Nuclear Insurers, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada.

- e. **Bodily injury** to you or an **insured** within the meaning of part a. or part b. of **insured** are defined.
3. **Coverage D (Medical Payments to Others)** does not apply to:

SECTION II – ADDITIONAL COVEARAGES

We cover the following in addition to the limits of liability;

1. **Claim expenses.** We pay:
 - a. Expenses we incur and cost taxed against an **insured** in any suit we defend.
 - b. Premises on bonds required in a suit we defend but not for bond amounts more than the limit of liability for Coverage C (Personal Liability). We need not apply for or furnish any bond.
 - c. Reasonable expenses incurred by an **insured** at our request, including actual loss of earnings (but not loss of other income) up to \$50 per day, for assisting us in the investigation or defense of a claim or suit.
 - d. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which doe not exceed the limit of liability that applies.
2. **Imperative Medical Expenses to Others.** We pay expenses incurred by an **insured** for immediate medical and surgical relief to others, if imperative at the time of the accident.
3. **Damage to Property of Others.** We pay replacement cost up to \$500 per

SECTION II – CONDITIONS

1. **Limit of Liability.** The limit of liability for Coverage C (Personal Liability) shown on the declarations page is our total liability under Coverage C (Personal Liability) for all damages

- a. **Bodily injury** to a **residence employee** if the **bodily injury**:
 - 1) Occurs off the **insured location**; and
 - 2) Does not arise out of or in the course of the **residence employee's** employment by an **insured**.
- b. **Bodily injury** to any person, other than a **residence employee** of an **insured**, regularly residing on any part of the **insured location**.

occurrence for **property damage** to property of others caused by an **insured**.

We do not pay for the **property damage**:

- a. Caused intentionally by an **insured** who is 13 years of age or older.
- b. To property owned by an **insured**.
- c. To property owned by or rented to a tenant of an **insured** or a resident in your household.
- d. Arising out of:
 - 1) A **business** engaged in by an **insured**.
 - 2) Any act or omission in connection with a premise owned, rented or controlled by an **insured**, other than the **insured location**.
 - 3) The ownership, maintenance, use, loading, or unloading of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

This exclusion does not apply to any motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and not owned by an **insured**.

resulting from any one **occurrence**. This limit is the same regardless of the number of **insured's**, claims made or persons injured.

The limit of liability for Coverage D (Medical Payments to Others) shown on the declarations page is our total liability under Coverage D (Medical Payments to Others) for all medical expenses payable for **bodily injury** to one person as the result of one accident. The total limit of our liability for all expenses payable to two or more persons injured in one accident is \$25,000.

2. **Severability of Insurance.** This insurance applies separately to each **insured**. This condition will not increase our limit of liability for any one **occurrence**.
3. **Duties After Loss.** In case of an accident or **occurrence** the **insured** will perform the following duties that apply or will help us by seeing that these duties are performed:
 - a) Give written notice to us or our agent as soon as is practical, which sets forth:
 - 1) The identity of the policy and **insured**.
 - 2) Reasonably available information on the time, place and circumstances of the accident or **occurrence**.
 - 3) Names and addresses of any claimants and witnesses.
 - b) Promptly forward to us every notice, demand, summons or other process relating to the accident or **occurrence**.
 - c) At our request, help us:
 - 1) To make settlement.
 - 2) To enforce any right of contribution or indemnity against any person or organization who may be liable to an **insured**.
 - 3) With the conduct of suits, including attending hearings and trials.
 - 4) To secure evidence and obtain the attendance of witnesses.
 - d) The **insured** will not, except at the **insured's** own cost, voluntarily make payment, assume obligation or incur expenses other than for immediate medical and surgical relief to others at the time of the **bodily injury**.
4. **Duties of an Injured Person – Coverage D (Medical Payments to**

Others) The injured person or someone acting for the injured person will:

- a. Give us written proof of claim, under oath if required, as soon as is practical.
- b. Authorize us to obtain copies of medical reports and records.

The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

5. **Payment of Claim – Coverage D (Medical Payments to Others).** Payment under this coverage is not an admission of liability by an **insured** or us.
6. **Suit Against Us.** No action can be brought against us unless there has been compliance with the policy provisions. No one will have the right to join us as a party to any action against an **insured**. Also no action with respect to Coverage C (Personal Liability) can be brought against us until the obligation of the **insured** has been determined by final judgement or agreement. Under Coverage D (Medical Payments to Others), no action can be brought until 30 days after the required proofs of claim have been filed with us.
7. **Bankruptcy of the Insured.** Bankruptcy or insolvency of the **inured** or of the **insured's** estate will not relieve us of our obligations under this policy.
8. **Other Insurance – Section II.** If the **insured** has other insurance under Coverage C (Personal Liability), we will not be liable for a greater proportion of a loss than the limit of liability shown on the declarations page bears to the total limit of all valid and collectible insurance against such loss.

However, with respect to loss arising out of the ownership, maintenance, operation, use, loading or unloading of:

- a. Any motor vehicle or recreational motor vehicle at the **residence premises**; or
- b. Watercraft,

This policy will not apply to the extent that any valid and collectable insurance is available to the **insured**.

9. **Notice of Settlement of Liability Claim.**

- a. We will notify the **insured** in writing of any initial offer to compromise or settle a claim against the **insured** under the liability section of this

policy. We will give the **insured** notice within 10 days after the date the offer is made.

- b. We will notify the **insured** in writing of any settlement of a claim against the **insured** under the liability section of this policy. We will give the **insured** notice within 30 days after the date of the settlement.

SECTION I AND II – CONDITIONS

1. **Policy Period.** This policy applies only to loss in Section I or **bodily injury** or **property damage** in Section II which occurs during the policy period stated on the declarations page.

2. **Concealment or Fraud.** This policy is void as to you and any other **insured**, if you or any other **insured** under this policy has intentionally concealed or misrepresented any material fact or circumstance, made false statements or committed fraud relating to this insurance, whether before or after a loss.

3. **Liberalization Clause.** If the State Board of Insurance adopts a revision which would broaden or extend the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened or extended coverage will immediately apply to this policy.

4. **Waiver or Change of Policy Provisions.** Changes in this policy may be made and perils added only by attaching a written endorsement properly executed by our authorized agent. No provision of this policy may be waived unless the terms of this policy allow the provision to be waived. Our request for an appraisal or examination will not waive any of our rights.

5. **Cancellation.**

- a. You may cancel this policy at any time by notifying us of the date cancellation is to take effect. We will send you any refund due when the policy is returned to us.
- b. We may cancel this policy for the reasons stated in this condition by mailing you notice in writing of the date cancellation takes effect.
 - 1. If this policy has been in effect for less than 90 days and is not

a renewal policy, we may cancel this policy for any reason. The effective date of cancellation cannot be before:

- (1) The 10th day after we mail notice if we cancel for non-payment premium.
- (2) The 30th day after we mail notice if we cancel for any other reason.

2. If this policy has been in effect 90 days or more, we may not cancel this policy unless:

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

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

- c. If we cancel, our notice to you will state that if the refund is not included with the notice, it will be returned on demand.

- d. We may not cancel this policy solely because you are an elected official.

6. **Refusal to Renew.**

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

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

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

- d. If we refuse to renew this policy, we must deliver to you, or mail to you at your mailing address shown on the declarations page and any mortgagee named on the declarations page, written notice of our refusal to renew no later than the 30th day before the date on which this policy expires. Proof of mailing will be sufficient proof of notice. If we fail to give you proper notice of our decision not to renew, you may require us to renew the policy.

7. **Assignment.** Assignment of this policy will not be valid unless we give our written consent.

8. **Subrogation.** An **insured** may waive in writing before a loss, all rights of recovery against any person. If not waived, we may require an assignment of right of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an **insured** must sign and deliver all related papers and cooperate with us.

Subrogation does not apply under Section II to Medical Payments to Others or Damage to Property of Others.

9. **Death.** If the named insured dies, we insure:

- a. The name insured's spouse, if a resident of the same household at the time of death.
- b. The legal representative of the deceased. However, if this legal representative was not an **insured** at the time of death of the named insured, this policy will apply to such legal representative only with respect to the premises of the original named insured.
- c. Any person who is an **insured** at the time of such death, while a resident of said premises.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

**SPECIAL PROVISIONS FOR TEXAS
(ATTACHED TO HOMEOWNERS FORM B)**

DEFINITIONS

The following definitions are added:

10. "Personal watercraft" means watercraft designed to carry one to three people, propelled by engine power, and capable of speeds greater than 25 MPH. Personal watercraft include but are not limited to watercraft often referred to as jet skis, waver runners and similar watercraft.

11. "Vacant" means the dwelling lacks the necessary amenities, adequate furnishings, or utilities and services to permit occupancy of the dwelling as a residence.

SECTION 1 – PROPERTY COVERAGES

**COVERAGE A (DWELLING) and COVERAGE B
(PERSONAL PROPERTY)**

The following items are added:

Special Limits of Liability.

1. The total limit of liability as it pertains to the water back up and sump overflow for Coverages A and B combined is \$10,000 for direct physical loss not caused by the negligence of any "insured" to the property. This limit does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown.
2. The total limit of liability for Coverages A and B combined is 15% of Coverage A per policy item for damage to the foundation, floor slab or footings that support the dwelling caused by discharge of water from within a plumbing, heating, air conditioning or automatic fire protection sprinkler system or from within a household appliance. This limit includes the cost of tearing out and replacing

any part of the building necessary to repair the system from which the discharge occurred. We do not cover loss to the system from which the water escaped.

COVERAGE B (PERSONAL PROPERTY)

Special Limits of Liability.

The following are added:

5. \$2,500 for loss by theft of firearms.

SECTION I – EXCLUSIONS

Under 1., Item I. is deleted and replaced by the following:

- I. We do not cover loss consisting of, resulting from, and arising out of or in any way caused by mold, fungi, wet rot, dry rot, or other microbes.

We do not cover the cost of remediation, including testing of ensuing mold, fungi or other microbes. We do not cover any increase in expenses for Loss of Use and/or Debris Removal due to remediation and testing of ensuing mold, fungi or other microbes.

This exclusion applies unless the mold, fungi, wet rot, dry rot, or other microbes are located upon the portion of the covered property which must be repaired or replaced because of direct, visible physical damage resulting from a loss covered by this policy. When this occurs, we will pay only for the cost of repairing or replacing the covered property.

Under 1., The following exclusion is added:

- m. We do not cover loss to the dwelling and contents above the foundation

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

caused by constant or repeated seepage or leakage of water or steam over a period of 14 or more days from within a plumbing, heating, air conditioning or automatic fire protection sprinkler system or from within a household appliance.
Seepage or leakage from within or around any shower stall, shower tub or bathtub installation is also excluded.

SECTION I – CONDITIONS

Item 13. Vacancy is deleted and replaced by the following:

13. **Vacancy.** Coverage that applies under Coverage A (Dwelling) and under Coverage B (Personal Property) will be suspended effective 30 days after the dwelling becomes **vacant**. This coverage will remain suspended during such vacancy.

SECTION II – EXCLUSIONS

Under 1., Coverage C (Personal Liability) and Coverage D (Medical Payments to Others), items f. and g. are deleted and replaced by the following:

- f. **Bodily injury** or **property damage** arising out of the ownership, maintenance, operation, use, loading or unloading of:
- (1) Motor or engine propelled vehicles or machines designed for movement on land, including attached machinery or equipment;
 - (2) Trailers, semi-trailers or mobile homes which are owned or operated by or rented or loaned to an **insured**.

However, this exclusion does not apply to:

- (1) Motor vehicles which are not subject to motor vehicle registration and are:
 - (a) Used for assisting the handicapped.
 - (b) Used to service an **insured location**.
 - (c) Golf carts while on the residence premises or used for golfing purposes.
 - (d) In dead storage on the residence premises.
- (2) Trailers or semi-trailers while not being towed by or carried on a motor vehicle.

This exclusion does not apply to **bodily injury** to a **residence employee** arising out of an in the course of the residence employee's employment by an insured.

- g. **Bodily injury** or **property damage** arising out of:
- (1) The ownership, maintenance, use, loading or unloading of an excluded watercraft as defined below;
 - (2) The entrustment by an **insured** of an excluded watercraft described below to any person; or
 - (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using and excluded watercraft described below.

Excluded watercraft are those that are principally designed to be propelled by engine power or electric motor including **personal watercraft**, or are sailing vessels, whether owned or rented to an **insured**. This exclusion does not apply to watercraft:

- (1) That are not **personal watercraft** or sailing vessels and are powered by:
 - (a) Inboard or inboard-outdrive engine or motor power of 50 horsepower or less not owned by an **insured**;
 - (b) Inboard or inboard-outdrive engine or motor power of more than 50 horsepower not owned by or rented to an **insured**;
 - (c) On or more outboard engines or motors with 25 total horsepower or less;
 - (d) one or more outboard engines or motors with more than 25 total horsepower if the outboard engine or motor is not owned by an **insured**;
- (2) That are sailing vessels, with or without auxiliary power
 - (a) Less than 26 feet in overall length.
 - (b) 26 feet or more in overall length, not owned by or rented to an **insured**.
- (3) That are stored on the **residence premises**.

SECTION II – EXCLUSIONS

Under 1., Coverage C (Personal Liability) and Coverage D (Medical Payments to Other), the following items are added:

- (m) **Bodily injury** or **property damage** arising out of actual or alleged sexual molestation or harassment, corporal punishment, or physical or mental abuse. For the purposes of this

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

exclusion, abuse means an act which is committed with the intention to cause harm.

- (n) **Bodily injury** or **property damage** arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined under federal law. Controlled Substances include but are not limited to cocaine, LSD, marijuana, and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.
- (o) **Bodily injury** or **property damage** arising out of the actual or alleged ingestion, inhalation, absorption, or exposure in any way to toxic mold spores. We shall not defend or indemnify for any loss, demand, suit, or order, including any claim or suit by or on behalf of a government authority or agency relating to testing, monitoring, cleaning up, removing, containing, treating, detoxifying, abating, neutralizing, or in any way responding to, or assessing the effects of toxic mold.
- (p) **Bodily injury** or **property damage** arising out of ownership or use of a trampoline owned by, rented by or loaned to an **insured**, whether on the **residence premises** or elsewhere.
- (q) **Bodily injury** or **property damage** caused by any animal owned by or kept by an **insured** whether or not the injury or damage occurs on the **residence premises** or any other location.

recovers damages from another, that person shall:

- 1) Hold in trust for us the proceeds of the recovery; and
- 2) Reimburse us to the extent of our payment.

SECTION II – CONDITIONS

Under 4., Duties of an Injured Person – Coverage D (Medical Payments to Other), the following is added:

- (c) At our request, submit to recorded statement.

SECTION I AND II – CONDITIONS

The following condition is added:

- 10. **Our Right to Recover Payment.**
 - a) If we make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:
 - 1) Whatever is necessary to enable us to exercise our rights, and
 - 2) Nothing after loss to prejudice them.
 - b) If we make a payment under this policy and the person to or for whom payment is made

Privacy Policy

In the course of our business relationship with you, American Risk Insurance Company (“ARI” or “we”) collects information about you and the members of your household (collectively “you”) that is necessary to provide you with our products and services. We treat this information as confidential and recognize the importance of protecting it. We value your confidence in us.

We realize that you trust us with an important part of your financial life. Your privacy is important to us. We ask that you take a few minutes to review our privacy policies which are designed to protect your personal information.

INFORMATION WE COLLECT

We collect, retain and use information about you, including members of your household, where we believe that it will help or is necessary to provide you products and services or otherwise conduct our business. We collect nonpublic personal financial information about you from the following sources:

- Information we receive from you or through your agent or broker on applications or other forms;
- Information we receive from or about you in the process of adjusting claims;
- Information about your coverages and loss activity with other carriers; and
- Information we receive from a consumer reporting agency.

Such information includes identifying information such as your name, address, and social security number; financial information such as your income, payment history or credit history; and, under certain circumstances, health information such as information about an illness, disability or injury. It could also include information on claims with other insurance companies and us and the condition and maintenance of your property.

Any information obtained from a report prepared by an insurance-support organization may be retained by the insurance support organization and disclosed to other persons.

HOW WE PROTECT YOUR INFORMATION

We restrict access to personal information about you to those individuals, such as our employees and agents, who provide you with our products and services. Those individuals to whom we permit access to your customer information are to protect it and keep it confidential. We maintain physical, electronic, and procedural safeguards that comply with applicable regulatory standards to guard your nonpublic personal information.

We do not disclose any nonpublic personal information about you, as our customer or former customer, except as described in this notice.

INFORMATION WE DISCLOSE

We do not disclose any personal information about you to anyone unless allowed by law. We may disclose personal information about you to:

- State insurance departments, for their regulation of our business;
- Other government authorities;
- Our agents and brokers as necessary to conduct our business;
- Organizations that perform underwriting and claims investigations;
- Another insurance company to which you have applied for a policy or submitted a claim;
- Companies that perform marketing services on our behalf or to other financial institutions with which we have joint marketing agreements
- The Claims Loss Underwriting Exchange
 - Insurance support agencies, law enforcement agencies and our reinsurers; and
 - Any other third party, as permitted or required by law.

We may disclose all the personal information we have collected, as described above. However, even if you no longer have a customer relationship with us, we will continue to follow our privacy policies and practices to protect your information.

YOUR RIGHTS

You have the right to prevent an insurance company, agent, adjuster or financial institution from disclosing your personal financial information to companies that are not affiliated with the insurance company or financial institution. Some examples are income, social security number, credit history and premium payment history.

MODIFICATIONS TO OUR PRIVACY POLICY

We reserve the right to change our privacy practices in the future, which may include sharing nonpublic personal information about you with affiliated or nonaffiliated third parties. Before we do that, we will provide you with a revised privacy notice and give you the opportunity to opt-out of that type of information sharing.

Your Right to Access and Correct Information

Upon your written request, we will send you a copy of relevant information we have about you in connection with your application for coverage. Please address your request to Customer Service, American Risk Insurance Company, PO Box 720627, Houston, TX 77277-0627. If you feel that our information is incorrect, let us know and we will review it. If we agree, we will correct our files. If we do not agree, you may file a short statement of dispute with us. This statement will be included with any information disclosure we make in the future, or sent to anyone you designate who may have received such information in the past two years, or as otherwise required by law.

RECIPIENTS OF THIS NOTICE

We are providing this notice to the named policyholder residing at the mailing address to which we send your policy information. If there is more than one policyholder on a policy, only the named policyholder on that policy will get this notice, though any policyholder may request a copy of this notice. You may receive more than one copy of this notice if you have more than one policy with American Risk Insurance Company.

CONSUMER BILL OF RIGHTS

Homeowners, Dwelling and Renters Insurance

AVISO: Este documento es un resumen de sus derechos como asegurado. Usted tiene el derecho a llamar a su compañía y pedir una copia de estos derechos en español.

What is the Bill of Rights?

This Bill of Rights is a summary of your rights and does not become a part of your policy. The Texas Department of Insurance (TDI) adopted the Bill of Rights and requires insurance companies to provide you a copy when they issue your policy.

Texas law gives you certain rights regarding your homeowners, dwelling and renters insurance. This Bill of Rights identifies your rights specified by rule or by state statute, but it does not include all of your rights. Also, some exceptions to the rights are not listed here. Legislative or regulatory changes to statutes or rules may affect your rights as an insured. If your agent, company, or adjuster tells you that one of these rights does not apply to you, contact TDI's Consumer Protection Program at 1-800-252-3439 (512-463-6515 in Austin), by mail at Mail Code 111-1A, P.O. Box 149091, Austin, TX 78714-9091, or by email at ConsumerProtection@tdi.state.tx.us. For a list of the specific law(s) and/or rule(s) summarized in each item of this Bill of Rights, or if you have questions or comments contact the Office of Public Insurance Counsel (OPIC) toll free at 1-877-611-6742, by mail at 333 Guadalupe, Suite 3-120, Austin, TX 78701, or visit the OPIC website at www.opic.state.tx.us.

This Bill of Rights does not address your responsibilities. Your responsibilities concerning your insurance can be found in your policy. Failure to meet your obligations may affect your rights.

Getting information from the Department of Insurance and your insurance company

1. INFORMATION FROM TDI. You have the right to call TDI free of charge at 1-800-252-3439 or 512-463-6515 in Austin to learn more about:

- your rights as an insurance consumer;
- the license status of an insurance company or agent;
- the financial condition of an insurance company;
- the complaint ratio and type of consumer complaints filed against an insurance company;
- use of credit information by insurance companies, including which insurance companies use it and access to each company's credit scoring model;
- an insurance company's rates filed with the state;
- an insurance company's underwriting guidelines (subject to exemptions in the Public Information Act, also known as the Open Records Act);

- the Texas FAIR Plan, designed to help consumers who have been denied coverage by at least two insurance companies; and
- other consumer concerns.

You can also find some of this information on the TDI website at www.tdi.texas.gov.

At www.helpinsure.com, Texans can find more detailed information on their current and prospective insurers. TDI, in conjunction with OPIC, maintains this website to help Texans shop for residential property insurance and personal automobile insurance. For companies writing in Texas that are in the top 25 company groups nationally, the site also includes:

- a list of insurers by county and/or ZIP code;
- detailed contact information for each insurer;
- sample rates and a brief history of increases and/or decreases in the rates;
- policy form comparisons;
- a list of policy forms, exclusions, endorsements, and discounts offered by each insurer; and
- nonconfidential disciplinary actions against each insurer.

2. INFORMATION FROM YOUR INSURANCE COMPANY. You have the right to a toll-free number to call your insurance company free of charge with questions or complaints. You can find this number on a notice accompanying your policy. This requirement does not apply to small insurance companies.

What you should know before you buy insurance

3. PROHIBITED STATEMENTS. Your insurance company or agent is prohibited from making false, misleading, or deceptive statements to you relating to insurance.

4. LENDER-REQUIRED INSURANCE. A lender cannot require you to purchase insurance on your property in an amount that exceeds the replacement cost of the dwelling and its contents as a condition of financing a residential mortgage or providing other financing arrangements for the property, regardless of the amount of the mortgage or other financing arrangements. In determining the replacement cost of the dwelling, a lender cannot include the fair market value of the land on which a dwelling is located.

5. CREDIT INFORMATION. An insurance company cannot deny you insurance solely on the basis of credit information. Insurers who use credit information must also consider other underwriting factors independent of credit information when deciding whether to offer coverage. (For additional information see the section of this Bill of Rights titled *What you should know about insurance companies' use of credit information*.)

6. APPLIANCE-RELATED WATER DAMAGE CLAIMS. An insurance company cannot deny you insurance or increase your premium based on a prior appliance-related water damage claim if:

- the damage has been properly repaired or remediated; and
- the repair or remediation was inspected and certified.

NOTE: A company can use an appliance-related water damage claim if you file three or more such claims in a 3-year period and the company has paid the claims. A claim includes a claim filed by you or a claim filed on your property.

7. WATER CLAIMS/MOLD DAMAGE OR CLAIMS. An insurance company cannot deny you insurance based solely on a single prior water damage claim. An insurance company also cannot deny you insurance because of prior mold damage or a prior mold claim if:

- the damage or claim was properly repaired or remediated; and
- the repair or remediation was inspected and certified.

NOTE: A claim includes a claim filed by you or a claim filed on your property.

8. PROPERTY CONDITION. Voluntary Inspection Program: You have the right to have an independent inspection of your property by any person authorized by the Commissioner of Insurance to perform inspections. Once the inspector determines that your property meets certain minimum requirements and issues you an inspection certificate, no insurer may deny coverage based on property conditions without reinspecting your property. If an insurer then denies coverage, the insurer must identify, in writing, the specific problem(s) that makes your property uninsurable. You can find a list of available inspectors on the TDI website at www.tdi.texas.gov/company/vipagnt.html or you can contact TDI for the list directly at 1-800-252-3439.

9. SAFETY NET. You may have the right to buy basic homeowners insurance through the Texas Fair Access to Insurance Requirements Plan, also known as the Texas FAIR Plan, if you have been denied coverage by two insurance companies. Your property must meet certain requirements, and eligibility for FAIR Plan coverage must be re-established every two years. You can access a list of insurance agents who are authorized to sell this coverage on the Texas FAIR Plan Association website at www.texasfairplan.org or by calling 1-800-979-6440 (512-505-2200 in Austin).

10. WINDSTORM COVERAGE. For property located in areas designated by the Commissioner in certain counties on or near the coast, you may have the right to buy windstorm and hail coverage from the Texas Windstorm Insurance Association (TWIA), if you have been denied windstorm coverage by one insurance company in the standard market currently providing windstorm coverage. Your property must meet certain requirements, and eligibility for TWIA coverage must be re-established every three years. You may have to re-establish eligibility sooner than every three years if you have made any repairs or alterations to your home. Windstorm coverage through TWIA is limited to a maximum amount set each year by the Commissioner of Insurance. This right applies whether or not you buy other insurance for your house. In all other counties your homeowners or dwelling policy includes windstorm and hail coverage unless you request

that this coverage be removed from your policy.

NOTE: If you live in a certain flood zone (Zone V, Zone VE and Zone V1-130) and your dwelling was constructed, altered, remodeled, or enlarged after September 1, 2009, you must purchase flood insurance through the National Flood Insurance Program (NFIP) in order to be eligible to purchase windstorm coverage through TWIA. However, if NFIP does not provide flood insurance in your area, you are not required to purchase it.

11. *ELECTRONIC PAYMENTS.* If you authorize your insurer to withdraw your premium payments directly from your financial institution, including your escrow account, your insurer cannot increase the amount withdrawn unless:

- the insurer notifies you by U.S. mail of the increase in premium at least 30 days prior to its effective date; and
- you do not notify the insurer that you object to the increase in the amount to be withdrawn at least five days prior to the increase.

The notice provided by the insurer must include a toll-free number, a mailing address and an email address (if applicable), through which you can contact the insurer to object to the increase.

NOTE: This does not apply to premium increases specifically scheduled in the original policy, to increases based on policy changes you request, or to an increase that is less than \$10 or 10 percent of the previous month's payment.

12. *NOTICE OF REDUCED COVERAGE.* If an insurer uses an endorsement to reduce the amount of coverage provided by your policy, the insurer must give you a written explanation of the change made by the endorsement. The insurer must provide the explanation not later than the 30th day before the effective date of the new or renewal policy. An insurance company cannot reduce coverage during the policy period unless you request the change. If you request the change, the company is not required to provide notice.

13. *NOTICE OF PREMIUM INCREASE.* If your insurer intends to increase your premium by 10 percent or more upon renewal, the insurer must send you notice of the rate increase at least 30 days before your renewal date.

14. *EXPLANATION OF DENIAL.* Upon request, you have the right to be told in writing why you have been denied coverage. The written statement must fully explain the decision, including the precise incidents, circumstances, or risk factors that disqualified you. It must also state the sources of information used.

NOTE: The obligation to provide a written explanation applies to insurance companies directly. An independent agent does not have a specific duty to quote the lowest possible rate to a consumer or to provide a written statement explaining why the agent did not offer the consumer the lowest possible rate.

15. *CUSTOMER INQUIRY.* An insurance company cannot use a customer inquiry as a

basis for denying you coverage or determining your premium.

NOTE: A customer inquiry includes:

- general questions about your policy;
- questions concerning the company's claims filing process; and
- questions about whether the policy will cover a loss unless the question concerns specific damage that has occurred and that results in an investigation or claim.

16. RATE DIFFERENTIAL WITHIN A COUNTY. If an insurer subdivides a county for the purposes of charging different rates for each subdivision, the difference between the lowest and the highest rate cannot exceed 15 percent unless actuarially justified.

17. RIGHT TO PRIVACY. You have the right to prevent an insurance company, agent, adjuster, or financial institution from disclosing your personal financial information to companies that are not affiliated with the insurance company or financial institution. Some examples are income, social security number, credit history, and premium payment history.

If you apply for a policy, the insurance company or financial institution must notify you if it intends to share financial information about you and give you at least 30 days to refuse. This refusal is called "opting out." If you buy a policy, the insurance company or financial institution must tell you what information it collects about you and whether it intends to share any of the information, and give you at least 30 days to opt out. Agents and adjusters who intend to share your information with anyone other than the insurance company or financial institution must give you similar notices.

You can opt out at any time. Your decision to opt out remains in effect unless you revoke it.

These protections do not apply to information:

- publicly available elsewhere;
- insurance companies or financial institutions are required by law to disclose; or
- insurance companies or financial institutions must share in order to conduct ordinary business activities.

What you should know about cancellation and nonrenewal

Cancellation means that **before the end** of the policy period the insurance company:

- terminates the policy;
- reduces or restricts coverage under the policy; or
- refuses to provide additional coverage to which you are entitled under the policy.

Refusal to renew and **nonrenewal** mean the policy terminates **at the end** of the policy period.

The **policy period** is shown on the declarations page at the front of your policy.

18. LIMITATION ON CANCELLATION FOR HOMEOWNERS AND RENTERS POLICIES. After your initial homeowners or renters policy with your company has been in effect for 60 days or more, that insurance company cannot cancel your policy unless:

- you don't pay your premium when due;
- you file a fraudulent claim;
- there is an increase in the hazard covered by the policy that is within your control and results in an increase in the premium rate of your policy; or
- TDI determines continuation of the policy would result in violation of insurance laws.

If your policy has been in effect for less than 60 days, your insurance company cannot cancel your policy unless:

- one of the reasons listed above applies;
- the insurance company identifies a condition that:
 - creates an increase in hazard;
 - was not disclosed on your application; and
 - is not the subject of a prior claim; or
- the insurance company rejects a required inspection report within 10 days after receiving the report. The report must be completed by a licensed or authorized inspector and cannot be more than 90 days old.

19. LIMITATION ON CANCELLATION FOR DWELLING POLICIES. After your initial dwelling policy with your company has been in effect for 90 days, that insurance company cannot cancel your policy unless:

- you don't pay your premium when due;
- you file a fraudulent claim;
- there is an increase in the hazard covered by the policy that is within your control and results in an increase in the premium rate of your policy; or
- TDI determines continuation of the policy would result in violation of insurance laws.

20. NOTICE OF CANCELLATION. To cancel your policy, your insurance company must mail notice at least 10 days prior to the effective date of the cancellation. Your policy may provide for even greater notice.

21. POLICYHOLDER'S RIGHT TO CANCEL. You have the right to cancel your policy at any time and receive a refund of the remaining premium.

22. CHANGE IN MARITAL STATUS. If your marital status changes, you have the right to continue your insurance coverage. You have a right to a new policy in your name with coverages that most nearly approximate the coverages of your prior policy, including the same expiration date. The insurance company cannot date the new policy so that a gap in coverage occurs.

23. USE OF CLAIMS HISTORY TO NONRENEW OR DETERMINE RENEWAL PREMIUM. Your insurance company cannot use claims you filed as a basis to nonrenew your policy unless:

- you file three or more claims in any 3-year period; and
- your insurer notified you in writing after the second claim that filing a third claim could result in nonrenewal of your policy.

Your insurance company cannot use the following types of claims to determine the number of claims you have filed or to determine your premium if your policy is renewed:

- claims for damage from natural causes, including weather-related damage;
- appliance-related water damage claims where the repairs have been inspected and certified; or
- claims filed but not paid or payable under the policy.

NOTE: An insurance company can count appliance-related claims if three or more such claims are filed and paid within a 3-year period.

24. USE OF CREDIT INFORMATION TO NONRENEW. An insurance company cannot refuse to renew your policy solely on the basis of credit information. Insurers who use credit information must also consider other underwriting factors independent of credit information when deciding whether to renew coverage. (For additional information see the section of this Bill of Rights titled *What you should know about insurance companies' use of credit information.*)

25. NOTICE OF CHANGE IN POLICY FORM. Your insurer must notify you in writing of any difference between your current policy and each policy offered to you when the policy renews. In certain instances your insurance company must also provide a comparison between the policy offered and policies adopted by the Commissioner of Insurance.

26. NOTICE OF NONRENEWAL. If the insurance company does not mail you notice of nonrenewal at least 30 days before your policy expires, you have the right to require the insurance company to renew your policy.

27. EXPLANATION OF CANCELLATION OR NONRENEWAL. Upon request, you have the right to a written explanation of an insurance company's decision to cancel or nonrenew your policy. The written statement must fully explain the decision, including the precise incidents, circumstances, or risk factors that disqualified you. It must also state the sources of information used.

What you should know when you file a claim

28. FAIR TREATMENT. You have the right to be treated fairly and honestly when you make a claim. If you believe an insurance company has treated you unfairly, call TDI at 1-800-252-3439 (512-463-6515 in Austin) or download a complaint form from the TDI website at www.tdi.texas.gov. You can complete a complaint form on-line via the

internet or fax a completed form to TDI at 512-475-1771.

29. SETTLEMENT OFFER. You have the right to reject any settlement amount, including any unfair valuation, offered by the insurance company. If you reject a settlement offer, your options include continuing to negotiate with the insurer or pursuing legal remedies, such as mediation, arbitration, or filing a lawsuit. You have the right to have your home repaired by the repair person of your choice.

30. EXPLANATION OF CLAIM DENIAL. Your insurance company must tell you in writing why your claim or part of your claim was denied.

31. TIMEFRAMES FOR CLAIM PROCESSING AND PAYMENT. When you file a claim on your own policy, you have the right to have your claim processed and paid promptly. If the insurance company fails to meet required claims processing and payment deadlines, you have the right to collect 18 percent annual interest and attorney's fees in addition to your claim amount.

Generally, within **15 calendar days**, your insurance company must acknowledge receipt of your claim and request any additional information reasonably related to your claim. Within **15 business days** (30 days if the company reasonably suspects arson) after receipt of all requested information, the company must approve or deny your claim in writing. The law allows the insurance company to extend this deadline up to **45 days** if it notifies you that more time is needed and tells you why.

After notifying you that your claim is approved, your insurance company must pay the claim **within five business days**.

If your claim results from a weather-related catastrophe or other major natural disaster as defined by TDI, these claims handling deadlines are extended for an additional 15 days.

32. RELEASE OF CLAIM FUNDS. Often an insurance company will make a claim check payable to you and your mortgage company or other lender and will send it to the lender. In that case, the lender must notify you within 10 days of receipt of the check and tell you what you must do to get the funds released to you.

Once you request the funds from the lender, within 10 days the lender must:

- release the money to you; or
- tell you in specific detail what you must do to get the money released.

If the lender does not provide the notices mentioned above or pay the money to you after all requirements have been met, the lender must pay you interest on the money at 10 percent per year from the time the payment or the notices were due.

33. NOTICE OF LIABILITY CLAIM SETTLEMENT. Your insurance company must notify you if it intends to pay a liability claim against your policy. The company must notify you in writing of an initial offer to compromise or settle a claim against you no

later than the 10th day after the date the offer is made. The company must notify you in writing of any settlement of a claim against you no later than the 30th day after the date of the settlement.

34. INFORMATION NOT REQUIRED FOR CLAIM PROCESSING. You have the right to refuse to provide your insurance company with information that does not relate to your claim. In addition, you may refuse to provide your federal income tax records unless your insurer gets a court order or your claim involves lost income or a fire loss.

What you should know about prohibited discrimination

35. PROTECTED CLASSES. An insurance company cannot discriminate against you by refusing to insure you; limiting the amount, extent or kind of coverage available to you; charging you a different rate for the same coverage; or refusing to renew your policy:

- because of race, color, religion, gender, marital status, disability or partial disability, or national origin; or
- unless justified by actual or anticipated loss experience, because of age or geographic location.

36. AGE OF HOUSE. An insurance company cannot refuse to insure your property based on the age of your house. However, an insurance company may refuse to sell you insurance coverage based on the condition of your property, including the condition of your plumbing, heating, air conditioning, wiring, and roof.

37. VALUE OF PROPERTY. An insurance company cannot refuse to insure your property because the value is too low or because the company has established minimum coverage amounts.

38. UNDERWRITING GUIDELINES. Underwriting guidelines may not be unfairly discriminatory and must be based on sound actuarial principles.

39. EQUAL TREATMENT. Unless based on sound actuarial principles, an insurance company may not treat you differently from other individuals of the same class and essentially the same hazard. If you sustain economic damages as a result of such unfair discrimination, you have the right to sue that insurance company in Travis County District Court.

If your suit prevails, you may recover economic damages, court costs and attorney and necessary expert witness fees. If the court finds the insurance company knowingly violated your rights, it may award up to an additional \$25,000 per claimant.

You must bring the suit on or before the second anniversary of the date you were denied insurance or the unfair act occurred or the date you reasonably should have discovered the occurrence of the unfair act. If the court determines your suit was groundless and you brought the lawsuit in bad faith, or brought it for the purposes of harassment, you will be

required to pay the insurance company's court costs and attorney fees.

What you should know about insurance companies' use of credit information

40. REQUIRED DISCLOSURE. If an insurance company uses credit information to make underwriting or rating decisions, the company must provide you a disclosure statement within 10 days after receiving your completed application for insurance.

The disclosure indicates whether the insurer will obtain and use your credit information and lists your specific legal rights, including:

- credit information insurance companies cannot use against you;
- how you can get reasonable exceptions that your insurer is required to make to its use of credit information if certain life events, such as divorce, death of a close family member, or identity theft, hurt your credit;
- the notice* an insurer must send you when making a credit-based decision that harms your ability to get or keep insurance or requires you to pay a higher premium; and
- how you can dispute credit information and require an insurer to re-rate your policy if the rate was increased because of inaccurate or unverifiable credit information.

* The notice must include a description of up to four primary factors that influenced the action taken by the insurer.

Insurers must use the disclosure form (CD-1) adopted by the Commissioner or an equivalent disclosure form filed prior to use with TDI. The CD-1 is available at www.tdi.texas.gov/forms/pcpersonal/pc328crtdts.pdf or by calling 1-800-252-3439. Additional information regarding insurers' use of credit information is available at www.tdi.texas.gov/credit/credit.html.

What you should know about enforcing your rights

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

- call TDI's **Consumer Help Line** at 1-800-252-3439, (512-463-6515 in Austin) for service in both English and Spanish;
- write to the Texas Department of Insurance, Consumer Protection, Mail Code 111-1A, P.O. Box 149091, Austin, Texas 78714-9091;
- email TDI at ConsumerProtection@tdi.state.tx.us;
- fax your complaint to 512-475-1771;
- download or complete a complaint form online from the TDI website at www.tdi.texas.gov; or

- call the TDI Publications/Complaint Form order line at 1-800-599-SHOP (7467), (512-305-7211 in Austin). The order line is available 24 hours a day, 7 days a week.

NOTE: TDI offers interpreter services and publications in alternate formats. Persons needing more information in alternate layouts or languages can call the *TDI Consumer Help Line* listed above.

42. RIGHT TO SUE. If an insurance company violates your rights, you may be able to sue that company in court, including small claims court, with or without an attorney.

43. BURDEN OF PROOF. If you sue to recover under your insurance policy, the insurance company has the burden of proof as to any application of an exclusion in the policy and any exception to or other avoidance of coverage claimed by the insurer.

44. REQUESTING NEW RULES. You have the right to ask in writing that TDI make or change rules on any residential property insurance issue that concerns you. Send your written request to: Texas Department of Insurance, Attn: Commissioner (113-2A), P.O. Box 149104, Austin, TX 78714-9104.

USE OF CREDIT INFORMATION DISCLOSURE

Insurer's Name	American Risk Insurance Company, Inc.
Address	P.O.BOX 270627 Houston, Texas 77277-0627
Telephone Number	1-866-635-9959

We **will** obtain and use credit information on you or any other member(s) of your household as a part of the insurance credit scoring process.

If you have questions regarding this disclosure, contact the insurer at the above address or phone number. For information or other questions, contact the Texas Department of Insurance at 1-800-252-3439 or P.O Box 149091, Austin, Texas 78714.

Section 559.053 of the Texas Insurance Code requires an insurer or its agents to disclose to its customers whether credit information will be obtained on the applicant or insured or on any other member(s) of the applicant's or insured's household and used as part of the insurance credit scoring process.

If credit information is obtained or used on the applicant or insured, or on any member of the applicant's or insured's household, the insurer shall disclose to the applicant the name of each person on whom credit information was obtained or used and how each person's credit information was used to underwrite or rate the policy. An insurer may provide this information with this disclosure or in a separate notice.

Adverse effect means an action taken by an insurer in connection with the underwriting of insurance for a consumer that results in the denial of coverage, the cancellation or nonrenewal of coverage, or the offer to and acceptance by consumer of a policy form, premium, rate, or deductible other than the policy form, premium rate, or deductible for which the consumer specifically applied.

Credit information is any credit related information derived from a credit report itself, or provided in an application for personal insurance. The term does not include information that is not credit-related, regardless of whether the information is contained in a credit report or in an application for insurance coverage or is used to compute a credit score.

Credit score or insurance score is a number or rating derived from a mathematical formula, computer application, model, or other process that is based on credit information and used to predict the future insurance loss exposure of consumer.

SUMMARY OF CONSUMER PROTECTIONS CONTAINED IN ARTICLE 21.49-2U

PROHIBITED USE OF CREDIT INFORMATION.

An insurer may not:

- (1) use a credit score that is computed using factors that constitute unfair discrimination;*
- (2) deny, cancel, or nonrenew a policy of personal insurance solely on the basis of credit information without consideration of any other applicable underwriting factor independent of credit information; or*
- (3) take an action that results in an adverse effect against a consumer because the consumer does not have a credit card account without consideration of any other applicable factor independent of credit information.*

An insurer may not consider an absence of credit information or an inability to determine credit information for an applicant for insurance coverage or insured as a factor in underwriting or rating an insurance policy unless the insurer:

- (1) has statistical, actuarial, or reasonable underwriting information that: (A) is reasonably related to actual or anticipated loss experience; and (B) shows that the absence of credit information could result in actual or anticipated loss differences;*
- (2) treats the consumer as if the applicant for insurance coverage or insured had neutral credit information, as defined by the insurer; or*
- (3) excludes the use of credit information as a factor in underwriting and uses only other underwriting criteria.*

NEGATIVE FACTORS. *An insurer may not use any of the following as a negative factor in any credit scoring methodology or in reviewing credit information to underwrite or rate a policy of personal insurance:*

- (1) a credit inquiry that is not initiated by the consumer;*
- (2) an inquiry relating to insurance coverage, if so identified on a consumer's credit report; or*
- (3) a collection account with a medical industry code, if so identified on the consumer's credit report.*

Multiple lender inquiries made within 30 days of a prior inquiry, if coded by the consumer reporting agency on the consumer's credit report as from the home mortgage or motor vehicle lending industry, shall be considered by an insurer as only one inquiry.

EFFECT OF EXTRAORDINARY EVENTS. *An insurer shall, on written request from an applicant for insurance coverage or an insured, provide reasonable exceptions to the insurer's rates, rating classifications, or underwriting rules for a consumer whose credit information has been directly influenced by a catastrophic illness or injury, by the death of a spouse, child, or parent, by temporary loss of employment, by divorce, or by identity theft. In such a case, the insurer may consider only credit information not affected by the event or shall assign a neutral credit score.*

An insurer may require reasonable written and independently verifiable documentation of the event and the effect of the event on the person's credit before granting an exception. An insurer is not required to consider repeated events or events the insurer reconsidered previously as an extraordinary event.

An insurer may also consider granting an exception to an applicant for insurance coverage or an insured for an extraordinary event not listed in this section. An insurer is not out of compliance with any law or rule relating to underwriting, rating, or rate filing as a result of granting an exception under this article.

NOTICE OF ACTION RESULTING IN ADVERSE EFFECT. *If an insurer takes an action resulting in an adverse effect with respect to an applicant for insurance coverage or insured based in whole or in part on information contained in a credit report, the insurer must provide to the applicant or insured within 30 days certain information regarding how an applicant or insured may verify and dispute information contained in a credit report.*

DISPUTE RESOLUTION; ERROR CORRECTION. *If it is determined through the dispute resolution*

process established under Section 611(a)(5), Fair Credit Reporting Act (15 U.S.C. Section 1681i), as amended, that the credit information of a current insured was inaccurate or incomplete or could not be verified and the insurer receives notice of that determination from the consumer reporting agency or from the insured, the insurer shall re-underwrite and re-rate the insured not later than the 30th day after the date of receipt of the notice.

After re-underwriting or re-rating the insured, the insurer shall make any adjustments necessary within 30 days, consistent with the insurer's underwriting and rating guidelines. If an insurer determines that the insured has overpaid premium, the insurer shall credit the amount of overpayment. The insurer shall compute the overpayment back to the shorter of the last 12 months of coverage; or the actual policy period.

REPLACEMENT COST FOR PERSONAL PROPERTY

SECTION I – PROPERTY COVERAGE

COVERAGE B (PERSONAL PROPERTY)

For an additional premium, our limit of liability and payment for covered loss to:

1. Personal property; and
2. Wall-to-wall carpeting and cloth awnings;
is extended to include Replacement Cost. Replacement Cost means there will not be a deduction for depreciation. Payment will not exceed the smallest of the following:
 - a. The Coverage B (Personal Property) limit of liability;
 - b. The replacement cost at the time of loss;
 - c. For property that is repairable, the cost of repair with material of the like kind and quality with no deduction for depreciation; or
 - d. The interest of the insured.

We do not pay for replacement cost for;

- a. Property which cannot be replaced;
- b. Property not maintained in good or workable condition;
- c. Property that is either obsolete or useless to the insured at the time of loss;
- d. Watercraft including outboard motors for any replacement cost in excess of \$2,500.
We will pay for replacement cost of watercraft including outboard motors up the a limit of \$2,500; or
- e. Property that is not repaired or replaced.

Loss Settlement:

- a. We will pay you:
 1. The replacement cost of your damaged property up to \$1,500; and
 2. The actual cash value of your remaining damaged property within 5 business days after we notify you that we will pay the claim.

If you repair or replace the damaged property, you may make claim for reimbursement on a replacement cost basis for the replacement cost of your property exceeding \$1,500. You must repair, restore or replace the property within 365 days after the loss. Reimbursement will be made within 5 business days after we receive proof that the property has been repaired, restored or replaced.

- b. In lieu of (a.) above, we may offer and you may accept or reject our offer to provide a replacement item of like kind and quality for your damaged property.

All other policy terms and conditions apply.