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CAPACITY
BY JOE FLOOD
INSURANCE

POLICY

RESIDENTIAL CONDOMINIUM BUILDING ASSOCIATION (RCBAP) FLOOD INSURANCE POLICY

PLEASE READ THIS POLICY CAREFULLY. THIS IS A PRIVATE FLOOD
INSURANCE POLICY

THE FLOOD INSURANCE PROVIDED IS SUBJECT TO LIMITATIONS,
RESTRICTIONS AND EXCLUSIONS

I. AGREEMENT

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

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

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

II. DEFINITIONS

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

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

1. **Actual Cash Value.** The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
2. **Base Flood.** A **flood** having a one percent chance of being equalled or exceeded in any given year.
3. **Basement.** Any area of the **building**, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade)



on all sides.

4. Building.

- a. A structure with two or more outside rigid walls and a fully secured roof, that is affixed to a permanent site;
- b. A manufactured home (a “manufactured home,” also known as a mobile home, is a structure: built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation); or
- c. A travel trailer without wheels built on a chassis and affixed to a permanent foundation, that is regulated under the community’s floodplain management and building ordinances or laws.

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

- 5. Cancellation.** The ending of the insurance coverage provided by this **policy** before the expiration date.
- 6. Condominium.** That form of ownership of real property in which each **unit** owner has an undivided interest in common elements.
- 7. Condominium Association.** The entity made up of the **unit** owners responsible for the maintenance and operation of:
 - a. Common elements owned in undivided shares by **unit** owners; and
 - b. Other real property in which the **unit** owners have use rights;where membership in the entity is a required condition of **unit** ownership.
- 8. Declarations Page.** A summary of information that describes, among others, the term of the **policy**, limits of coverage and premium.
- 9. Described Location.** The location where the insured **building** or personal property are found. The **described location** is shown on the **Declarations Page**.
- 10. Direct physical loss by or from flood.** Loss or damage to insured property, directly caused by a **flood**. There must be evidence of physical



changes to the property.

11. **Elevated Building.** A **building** that has no **basement** and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.
12. **Flood.** As used in this policy **flood** means:
 1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:
 - a. Overflow of inland or tidal waters;
 - b. Unusual and rapid accumulation or runoff of surface waters from any source;
 - c. **Mudflow.**
 2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a **flood** as defined in 13.1.(a) above.
13. **Improvements.** Fixtures, alterations, installations, or additions comprising a part of the insured **dwelling** or the apartment in which you reside.
14. **Loss Occurrence.** The words **Loss Occurrence** shall mean all losses, wherever occurring, which arise between the time of movement of water into, onto, or over the property insured hereunder and the receding of the same, regardless of the period of time so embraced; EXCEPT, no **Loss Occurrence** shall be deemed to commence earlier than the date and time of the happening of the first recorded individual loss to the Insured in that occurrence during the Policy Term, nor to extend to beyond thirty days after the expiry of this **policy**.
15. **Mudflow.** A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not **mudflows**.
16. **National Flood Insurance Program (NFIP).** The program of flood insurance coverage and floodplain management.



17. **Policy.** The entire written contract between you and us. It includes:-
 - a. This printed form;
 - b. The **Declarations Page**;
 - c. Any endorsement(s) that may be issued.
18. **Pollutants.** Substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals, and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.
19. **Post-FIRM Building.** A **building** for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.
20. **Residential Condominium Building.** A **building**, owned and administered as a **condominium**, containing one or more family **units** and in which at least 75 percent of the floor area is residential.
21. **Special Flood Hazard Area.** An area having special **flood**, or **mudflow**, and/or **flood**-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map shown as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.
22. **Ultimate Net Loss:** The words **ultimate net loss** shall mean the loss sustained by you as a result of **direct physical loss by or from flood**, limited by;
 - i. any sub-limits contained within this **policy** or the policy/ies of the Primary and/or Underlying Excess Insurers, and
 - ii. making deductions for all salvages, recoveries and other insurances (other than recoveries under the policy/ies of the Primary and Underlying Excess Insurers).
23. **Unit.** A single-family **unit** you own in a **condominium building**.
24. **Walled and roofed.** The **building** has in place two or more exterior, rigid walls and the roof is fully secured so that the **building** will resist flotation,



collapse and lateral movement.

III. PROPERTY COVERED

A. COVERAGE A – BUILDING PROPERTY

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

1. The **residential condominium building** described on the **Declarations Page** at the **described location** including all **units** within the **building** and the **improvements** within the **units**.
2. We also insure such **building** property for a period of 45 days at another location, as set forth in III.C.2.b., Property Removed to Safety.
3. Additions and extensions attached to and in contact with the **building** by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the **building** by means of a common interior wall that is not a solid load-bearing wall are always considered part of the **building** and cannot be separately insured.
4. The following items of property, which are covered under Coverage A only:
 - a. Awnings and canopies;
 - b. Blinds;
 - c. Carpet permanently installed over unfinished flooring;
 - d. Central air conditioners;
 - e. Elevator equipment;
 - f. Fire extinguishing apparatus;
 - g. Fire sprinkler systems;
 - h. Walk-in freezers;
 - i. Furnaces;
 - j. Light fixtures;
 - k. Outdoor antennas and aerials fastened to **buildings**;
 - l. Permanently installed cupboards, bookcases, panelling and wallpaper;
 - m. Pumps and machinery for operating pumps;
 - n. Ventilating equipment;
 - o. Wall mirrors, permanently installed; and
 - p. In the **units** within the **building**, installed:
 - 1) Built-in dishwashers;
 - 2) Built-in microwave ovens;



- 3) Garbage disposal units
 - 4) Hot water heaters, including solar water heaters;
 - 5) Kitchen cabinets;
 - 6) Plumbing fixtures;
 - 7) Radiators;
 - 8) Ranges;
 - 9) Refrigerators; and
 - 10) Stoves.
5. Materials and supplies to be used for construction, alteration, or repair of the **building** while the materials and supplies are stored in a fully enclosed **building** at the **described location** or on an adjacent property.
6. A **building** under construction, alteration, or repair at the **described location**.
- a. If the structure is not yet walled or roofed as described in the definition for **building** (see II.4.) then coverage applies:
 - i. Only while such work is in progress; or
 - ii. If such work is halted, only for a period of up to 90 consecutive days thereafter.
 - b. However coverage does not apply until the **building** is walled and roofed if the lowest floor, including the **basement** floor, of a non-**elevated building** or the lowest **elevated** floor of an **elevated building** is:
 - i. Below the base flood elevation in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO; or
 - ii. Below the base flood elevation, adjusted to include the effect of wave action in Zones VE or V1-V30.
- The lowest floor levels are based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1-V30 and the top of the floor in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO.
7. A manufactured home or a travel trailer as described in the Definitions section (see II.4.b and II.4.c).

If the manufactured home or travel trailer is in a **special flood hazard**



area, it must be anchored in the following manner at the time of the loss:

- a. By over-the-top or frame ties to ground anchors; or
- b. In accordance with the manufacturer's specifications; or
- c. In compliance with the community's floodplain management requirements;

8. The following items of property in a **building** enclosure at the **described location** below the lowest elevated floor of an **elevated post-FIRM building** located in Zones, A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30 or VE, or in a **basement** regardless of the zone. Coverage is limited to the following:

- a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
 - 1) Central air conditioners;
 - 2) Cisterns and the water in them;
 - 3) Drywall for walls and ceilings in a **basement** and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
 - 4) Electrical junction and circuit breaker boxes;
 - 5) Electrical outlets and switches;
 - 6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the **base flood** elevation after September 30, 1987;
 - 7) Fuel tanks and the fuel in them;
 - 8) Furnaces and hot water heaters;
 - 9) Heat pumps;
 - 10) Non-flammable insulation in a **basement**;
 - 11) Pumps and tanks used in solar energy systems;
 - 12) Stairways and staircases attached to the **building**, not separated from it by elevated walkways;
 - 13) Sump pumps;
 - 14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;



- 15) Well water tanks and pumps;
- 16) Required utility connections for any item in this list; and
- 17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a **building**.

- b. **We** will also pay for the clean-up of a **basement** or enclosure from a covered **flood** loss.

B. COVERAGE B – PERSONAL PROPERTY

- 1. If you have purchased personal property coverage, we insure, subject to B2 and B3 below, against **direct physical loss by or from flood** to personal property that is inside the fully enclosed insured **building** and is:
 - a. Owned by the **unit** owners of the **condominium association** in common, meaning property in which each **unit** owner has an undivided ownership interest; or
 - b. Owned solely by the **condominium association** and used exclusively in the conduct of the business affairs of the **condominium association**.

We also insure such personal property for 45 days while stored at a temporary location, as set forth in III.C.2.b., Property Removed to Safety..

- 2. Coverage for personal property includes the following property, subject to paragraph B.1 above, which is covered under Coverage B only:
 - a. Air conditioning units, portable or window type;
 - b. Carpet, not permanently installed, over unfinished flooring;
 - c. Carpets over finished flooring;
 - d. Clothes washers and dryers;
 - e. "Cook-Out" grills;
 - f. Food freezers, other than walk-in, and food in any freezer;
 - g. Outdoor equipment and furniture stored inside the insured **building**;
 - h. Ovens and the like; and
 - i. Portable microwave ovens and portable dishwashers.
- 3. Coverage for items of property in a **building** enclosure below the lowest elevated floor of an **elevated post-FIRM building** located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30 or VE or in a **basement**, regardless of the zone, is limited to the following items, if



installed in their functioning locations and, if necessary for operation, connected to a power source:

- a. Air conditioning units, portable or window type;
- b. Clothes washers and dryers; and
- c. Food freezers, other than walk-in, and food in any freezer;

4. Special Limits: We will pay no more than USD2,500 for any one loss to one or more of the following kinds of personal property:

- a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
- b. Rare books or autographed items;
- c. Jewelry, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;
- d. Furs or any article containing fur which represents its principal value.

5. We will pay only for the functional value of antiques.

C. COVERAGE C – OTHER COVERAGES

1. Debris Removal

- a. We will pay up to USD1,000, for the expense to remove non-owned debris on or in insured property and owned debris anywhere.
- b. If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.
- c. This coverage does not increase the Coverage A or Coverage B limit of liability.

2. Loss Avoidance Measures

a. Sandbags, Supplies and Labor

- 1) We will pay up to USD1,000 for costs you incur to protect the insured **building** from a **flood** or imminent danger of **flood**, for the following:



- a) Your reasonable expenses to buy:
 - i. Sandbags, including sand to fill them;
 - ii. Fill for temporary levees;
 - iii. Pumps, and
 - iv. Plastic sheeting and lumber used in connection with these items.
- b) The value of work, at the Federal minimum wage, that you or a member of your household perform.

2) This coverage for Sandbags, Supplies and Labor applies only if damage to insured property by or from **flood** is imminent, and the threat of **flood** damage is apparent enough to lead a person of common prudence to anticipate **flood** damage. One of the following must also occur:

- a) A general and temporary condition of flooding in the area near the **described location** must occur, even if the **flood** does not reach the insured **building**; or
- b) A legally authorized official must issue an evacuation order or other civil order for the community in which the insured **building** is located calling for measures to preserve life and property from the peril of **flood**.

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

b. Property Removed to Safety

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

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



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

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

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

IV. PROPERTY NOT COVERED

We do not cover any of the following property:

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



7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;
8. Underground structures and equipment, including wells, septic tanks, and septic systems;
9. Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured **building** or the **building** in which the insured unit is located;
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
11. **Buildings** or **units** and all their contents if more than 49 percent of the **actual cash value** of the **building** or **unit** is below ground, unless the lowest level is at or above the **base flood** elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;
12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges and docks;
13. Aircraft or watercraft, or their furnishings and equipment;
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;
15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act of 1990 and amendments to these Acts.
16. Personal property used in connection with any incidental commercial occupancy or use of the **building**.

V. EXCLUSIONS

- A. We only provide coverage for **direct physical loss by or from flood**, which means we do not pay you for:
 1. Loss of revenue or profits;
 2. Loss of access to the insured property or **described location**;



3. Loss of use of the insured property or **described location**;
 4. Loss from interruption of business or production;
 5. Any additional living expenses incurred while the insured **building** is being repaired or is unable to be occupied for any reason;
 6. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities that we describe in Coverage D – Increased Cost of Compliance; or
 7. Any other economic loss.
- B.** We do not insure a loss directly or indirectly caused by a **flood** that is already in progress at the date and time:
1. The **policy** term begins; or
 2. Coverage is added at your request.
- C.** We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by **flood**. Some examples of earth movement that we do not cover are:
1. Earthquake;
 2. Landslide;
 3. Land subsidence;
 4. Sinkholes;
 5. Destabilization or movement of land that results from accumulation of water in subsurface land areas; or
 6. Gradual erosion.
- We do, however, pay for losses from **mudflow** and land subsidence as a result of erosion that are specifically covered under our definition of **flood** (see II.12.).
- D.** We do not insure for direct physical loss caused directly or indirectly by any of the following:



1. The pressure or weight of ice;
2. Freezing or thawing;
3. Rain, snow, sleet, hail, or water spray;
4. Water, moisture, mildew, or mold damage that results primarily from any condition:
 - a. Substantially confined to the insured **building**; or
 - b. That is within your control, including, but not limited to:
 - 1) Design, structural, or mechanical defects;
 - 2) Failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or
 - 3) Failure to inspect and maintain the property after a **flood** recedes;
5. Water or waterborne material that:
 - a. Backs up through sewers or drains;
 - b. Discharges or overflows from a sump, sump pump, or related equipment; or
 - c. Seeps or leaks on or through insured property;

unless there is a **flood** in the area and the **flood** is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or seepage of water;
6. The pressure or weight of water unless there is a **flood** in the area and the **flood** is the proximate cause of the damage from the pressure or weight of water;
7. Power, heating, or cooling failure unless the failure results from **direct physical loss by or from flood** to power, heating, or cooling equipment situated on the **described location**;
8. Theft, fire, explosion, wind, or windstorm;
9. Anything you or any of your agents do or conspire to do to cause loss by **flood** deliberately; or



10. Alteration of the insured property that significantly increases the risk of flooding.
- E. We do not insure for loss to any **building** or personal property located on land leased from the Federal Government, arising from or incident to the flooding of the land by the Federal Government, where the lease expressly holds the Federal Government harmless under **flood** insurance issued under any Federal Government program.
- F. We do not pay for the testing or monitoring of **pollutants** unless required by law or ordinance.

VI. LIMITS

- A. Provided always that our liability attaches only after the Primary and Underlying Excess Insurers have paid or have admitted liability for the full amount of their respective **ultimate net loss** liability as set forth in the policy coverage section of the **Declarations Page** and designated "Underlying Limit(s)" and then our liability shall be as set forth above in the **Declarations Page** under the designation "Excess Limit(s)" and we shall be liable to pay the **ultimate net loss** up to the full amount of such "Excess Limits".
- B. It is a condition precedent to recovery under this **policy** that the limits of the Primary and Underlying Excess insurers as shown on the **Declarations Page** shall be maintained in full force and effect. Only losses which, except for the amount thereof, would have been payable under this **policy** may contribute to the satisfaction, reduction or exhaustion of underlying amounts and/or deductibles.
- C. For the purpose of recovery under this **policy**, it is agreed that any deductibles contained within the **policy** of the Primary insurers at inception of this **policy**, as advised to and agreed by us, which are predicated on a flood zone designation applied to the property insured shall not be varied or altered in any way and shall remain in effect regardless of any change to such designation at inception or otherwise for any reason whatsoever.
- D. Notwithstanding any of the terms of this **policy** that might be construed otherwise, the insurance provided by this **policy** shall always be excess



over the maximum monetary limits set forth in the “Underling Limit(s)” of the **Declarations Page** regardless of the uncollectibility (in whole or in part) of any underlying insured amounts for any reason, including but not limited to:-

- 1) the financial impairment or insolvency of an underlying insurer, or
- 2) the operation of any Coinsurance provision within the policy/ies of the Primary and/or Underlying Excess Insurers.

The risk of any such uncollectibility (in whole or in part) of other insurance, is expressly retained by you and is not in any way or under any circumstances insured or assumed by us.

VIII. GENERAL CONDITIONS

A. Pairs and Sets

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

1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, less depreciation; or
2. An amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.

B. Concealment or Fraud and Voidance of Coverage

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

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

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

- 1) Intentionally concealed or misrepresented any material fact or circumstance;



2) Engaged in fraudulent conduct; or

3) Made false statements

relating to this **policy**.

2. This **policy** will be void as of the date the wrongful acts described in B.1. above were committed.
3. Fines, civil penalties, and imprisonment under applicable Federal laws may also apply to the acts of fraud or concealment described above.
4. This **policy** is also void for reasons other than fraud, misrepresentation, or wrongful act. This **policy** is void from its inception and has no legal force if the property situated at the **described location** is not eligible for coverage.

C. Other Insurance

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

D. Amendments, Waivers

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

E. Cancellation

Notwithstanding anything contained in this policy to the contrary you may cancel this policy at any time by written notice or by surrendering this policy. This policy may also be cancelled by us or on our behalf by delivering to you **and any Mortgagee(s) or Loss Payee(s) named in this policy**, or by mailing to you **and any such Mortgagee(s) or Loss Payee(s)**, by registered, certified or other first class mail, at your address **and their respective addresses** as shown in this policy, written notice stating when, not less than 30 (thirty) days thereafter (or 10 (ten) days in the event of non-payment of premium), the cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and this policy shall terminate at the date and hour specified in such notice.



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

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

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

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

F. Conditions Suspending or Restricting Coverage

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

G. Requirements In Case of Loss

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

1. Give prompt written notice to us;
2. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that we may examine it;
3. Prepare an inventory of damaged property showing the quality, description, **actual cash value**, and amount of loss. Attach all bills, receipts, and related documents;
4. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the **policy**, signed

and sworn to by you, and which furnishes us with the following information:

- a. The date and time of the loss;
 - b. A brief explanation of how the loss happened;
 - c. Your interest in the property damaged and the interests, if any, of others in the damaged property;
 - d. Details of any other insurance that may cover the loss;
 - e. Changes in title or occupancy of the insured property during the term of the **policy**;
 - f. Specifications of damaged insured **buildings** and detailed repair estimates;
 - g. Names of mortgagees or anyone else having a lien, charge, or claim against the insured property;
 - h. Details about who occupied the insured **building** at the time of loss and for what purpose; and
 - i. The inventory of damaged personal property described in G.3 above.
5. In completing the proof of loss, you must use your own judgement concerning the amount of loss and justify that amount.
 6. You must cooperate with the adjuster or representative in the investigation of the claim.
 7. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.
 8. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim.
 9. At our option, we may accept the adjuster's report of the loss instead of your proof of loss. The adjuster's report will include information about your loss and the damages you sustained. You must sign the adjuster's report. At our option, we may require you to swear to the report.

H. Our Options After a Loss

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



1. At such reasonable times and places that we may designate, you must:
 - a. Show us or our representative the damaged property;
 - b. Submit to examination under oath, while not in the presence of another insured, and sign the same; and
 - c. Permit us to examine and make extracts and copies of:
 - 1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;
 - 2) **Condominium association** documents including the Declarations of the **condominium**, its Articles of Association or Incorporation, Bylaws, rules and regulations; and
 - 3) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.
2. We may request, in writing, that you furnish us with a complete inventory of the lost, damaged, or destroyed property, including:
 - a. Quantities and costs;
 - b. **Actual cash values** or replacement cost (whichever is appropriate);
 - c. Amounts of loss claimed;
 - d. Any written plans and specifications for repair of the damaged property that you can reasonably make available to us; and
 - e. Evidence that prior **flood** damage has been repaired.
3. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:
 - a. Repair, rebuild, or replace any part of the lost, damaged, or destroyed property with material or property of like kind and quality or its functional equivalent; and
 - b. Take all or any part of the damaged property at the value we agree upon or its appraised value.

I. No Benefit To Bailee



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

J. Loss Payment

1. We will adjust all losses with you. We will pay you unless some other person or entity is named in the **policy** or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files an adjuster's report signed and sworn to by you in lieu of a proof of loss) and:

- a. We reach an agreement with you;
- b. There is an entry of a final judgment; or
- c. There is a filing of an appraisal award with us, as provided in VIII.M.

2. If we reject your proof of loss in whole or in part, you may:

- a. Accept our denial of your claim;
- b. Exercise your rights under this **policy**; or
- c. File an amended proof of loss, as long as it is filed within 60 days of the date of the loss.

K. Abandonment

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

L. Salvage

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

M. Appraisal

If you and we fail to agree on the **actual cash value** or, if applicable, replacement cost of your damaged property to settle upon the amount of loss, then either may demand an appraisal of the loss. In this event, you and we will each choose a competent and impartial appraiser within 20



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

Each party will:

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

N. Mortgage Clause

The word "mortgagee" includes trustee.

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

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

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

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

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



If we decide to cancel or not renew this **policy**, it will continue in effect for the benefit of the mortgagee only for 30 days after we notify the mortgagee of the cancellation or non-renewal.

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

O. Suit Against Us

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

P. Subrogation

Whenever we make a payment for a loss under this **Policy**, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred to us, to the extent that we have paid you for the loss. We may require you to acknowledge this transfer in writing. After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first, before you may keep any of that money.

Q. Continuous Lake Flooding

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

- a. To make no further claim under this **policy**;



- b. Not to seek renewal of this **policy**; and
- c. Not to seek a premium refund for current or prior terms.

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

R. Loss Settlement

1. Introduction

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

- a. Replacement Cost loss settlement, described in VIII.R.2. below, applies to buildings other than manufactured homes or travel trailers.
- b. Special loss settlement, described in VIII.R.3 below applies to a **residential condominium building** that is a manufactured or mobile home or a travel trailer.
- c. **Actual Cash Value** loss settlement applies to a single-family **dwelling** not subject to replacement cost or special loss settlement, and to the property listed in VIII.R.4 below.

2. Replacement Cost Loss Settlement

- a. We will pay to repair or replace the damaged or destroyed **building** without deduction for depreciation, but not more than the least of the following amounts:
 - 1) The limit of liability that applies to the insured **building**;
 - 2) The replacement cost of that part of the **building** damaged, with materials of like kind and quality, and for like occupancy and use; or
 - 3) The necessary amount actually spent to repair or replace the damaged part of the **building** for like occupancy and use.



- b. We will not be liable for any loss on a Replacement Cost Coverage basis unless and until actual repair or replacement of the damaged **building** or parts thereof is completed.
- c. If the **building** is rebuilt at a location, other than the **described location**, we will pay no more than it would have cost to repair or rebuild at the **described location**, subject to all other terms of Replacement Cost loss settlement.

3. Special Loss Settlement

- a. The following loss settlement conditions apply to a residential condominium building that is:
 - 1) A manufactured or mobile home or a travel trailer, as defined in II.B.4.b and c; and
 - 2) At least 16 feet wide when fully assembled and has an area of at least 600 square feet within its perimeter walls when fully assembled, and
- b. If such a **building** is totally destroyed or damaged to such an extent that, in our judgement, it is not economically feasible to repair, at least to its pre-damage condition, we will, at our discretion, pay the least of the following amounts:
 - 1) The lesser of the replacement cost of the manufactured home or travel trailer or 1.5 times the **actual cash value**; or
 - 2) The **building** limit of liability shown on your **Declarations Page**.
- c. If such a manufactured home or travel trailer is partially damaged and, in our judgement, it is economically feasible to repair to its pre-damage condition, we will settle the loss accordingly to the replacement cost conditions in VIII.R.2 above.

4. Actual Cash Value Loss Settlement

- a. The types of property noted below are subject to **actual cash value** loss settlement.
 - 1) Personal Property.
 - 2) Insured property abandoned after a loss and remains as debris anywhere on the **described location**



- 3) Outdoor awnings, outdoor antennas or aerials of any type, and other outdoor equipment
 - 4) Carpeting and pads;
 - 5) Appliances; and
 - 6) A manufactured or mobile home or a travel trailer as defined in II.B.4.b or c that does not meet the condition for Special Loss Settlement in R.3 above.
- b. We will pay the least of the following amounts:
- 1) The applicable Limit stated in the **Declarations Page** of this **policy**;
 - 2) The **actual cash value** (as defined in II.1); or
 - 3) The amount it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss.