

AVATAR PROPERTY AND CASUALTY INSURANCE COMPANY



PROPERTY

POLICY

STANDARD

AVATAR PROPERTY AND CASUALTY INSURANCE COMPANY

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**HOMEOWNERS
HO -3 FORM**

AGREEMENT

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

DEFINITIONS

In this policy, "you" and "your" refer to the "named insured" shown in the Declarations 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, including required care, loss of services and death that results.
2. "Business" includes trade, profession or occupation.
3. "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, "insured" also means:

- c. With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **3.a.** or **3.b.** above. A person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner is not an "insured";
- d. With respect to any vehicle to which this policy applies:
 - (1) Persons while engaged in your employ or that of any person included in **3.a.** or **3.b.** above; or
 - (2) Other persons using the vehicle on an "insured location" with your consent.
4. "Insured location" means:
 - a. The "residence premises";
 - b. The part of other premises, other structures and grounds used by you as a residence and:
 - (1) Which is shown in the Declarations; or
 - (2) Which is acquired by you during the policy period for your use as a residence;

- c. Any premises used by you in connection with a premises in 4.a. and 4.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"; or
- h. Any part of a premises occasionally rented to an "insured" for other than "business" use.
5. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:
 - a. "Bodily injury"; or
 - b. "Property damage."
6. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.
7. "Residence employee" means:
 - a. An employee of an "insured" whose duties are related to the maintenance or use of the "residence premises," including household or domestic services; or
 - b. One who performs similar duties elsewhere not related to the "business" of an "insured."
8. "Residence premises" means:
 - a. The one family dwelling, other structures, and grounds; or
 - b. That part of any other building; where you reside and which is shown as the "residence premises" in the Declarations. "Residence premises" also means a two family dwelling where you reside in at least one of the family units and which is shown as the "residence premises" in the Declarations.

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9. "Hurricane loss" means any loss resulting from the peril of Windstorm caused by a hurricane during any period:
- Beginning when a hurricane watch or hurricane warning is issued for any portion of Florida by the National Hurricane Center of the National Weather Service;
 - Remaining in effect for as long as Hurricane conditions exist anywhere in the state of Florida; and
 - Ending 72 hours after any hurricane watch or hurricane warning has been discontinued for all counties of the state of Florida by the National Hurricane Center of the National Weather Service.
10. "Personal Watercraft" means watercraft designed to carry one to three people, propelled by a water jet pump powered by an internal combustion engine, and capable of speeds greater than 25 MPH. Personal watercraft includes but is not limited to watercraft often referred to as jet skis, wave runners and similar watercraft.
11. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by fungi.
12. "Vacant" means the dwelling lacks the necessary amenities, adequate furnishings, or utilities and services to permit occupancy of the dwelling as a residence.
13. "Unoccupied" means the dwelling is not being occupied as a residence.
14. "Catastrophic ground cover collapse" means geological activity that results in all of the following.
- a. The abrupt collapse of the ground cover;
 - b. A depression in the ground cover clearly visible to the naked eye;
 - c. Structural damage to the building, including the foundation;
 - d. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

SECTION I - PROPERTY COVERAGES

COVERAGE A - Dwelling

We cover:

1. The dwelling on the residence premises used mainly as your private residence, including attached structures and attached wall-to-wall carpeting if damage to the dwelling is caused by a covered loss
2. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises."
3. In-ground swimming pools including related permanently installed equipment such as pumps and filters.

This coverage does not apply to land, including land on which the dwelling is located.

COVERAGE B - Other Structures

We cover other structures on the "residence premises" set apart from the dwelling by a clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

This coverage does not apply to land, including land on which the other structures are located.

We do not cover other structures:

1. Used in whole or in part for "business"; or
2. Rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage.

The limit of liability for this coverage will not be more than the limit shown on the declaration page for Coverage B. Use of this coverage does not reduce the Coverage A limit of liability.

COVERAGE C - Personal Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. At your request, we will cover personal property owned by:

1. Others while the property is on the part of the "residence premises" occupied by an "insured";
2. A guest or a "residence employee," while the property is in any residence occupied by an "insured."

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises," is 10% of the limit of liability for Coverage C, or \$1000, whichever is greater. Personal property in a newly acquired principal residence is not subject to this limitation for the 30 days from the time you begin to move the property there.

Special Limits of Liability. These limits do not increase the Coverage C limit of liability. The special limit for each numbered category below is the total limit for each loss for all property in that category.

1. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum, coins and medals.
2. \$1000 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

3. \$1000 on watercraft, including their trailers, furnishings, equipment and outboard engines or motors.
4. \$1000 on trailers not used with watercraft.
5. \$1000 for loss by theft of jewelry, watches, furs, precious and semi-precious stones.
6. \$2000 for loss by theft of firearms.
7. \$2500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
8. \$2500 on property, on the "residence premises," used at any time or in any manner for any "business" purpose.
9. \$250 on property, away from the "residence premises," used at any time or in any manner for any "business" purpose. However, this limit does not apply to loss to adaptable electronic apparatus as described in Special Limits 10. and 11. below.
10. \$1,000 for loss to electronic apparatus, while in or upon a motor vehicle or other motorized land conveyance, if the electronic apparatus is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power. Electronic apparatus includes:
 - a. Accessories and antennas; or
 - b. Tapes, wires, records, discs, or other media; for use with any electronic apparatus described in this item 10.

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11. \$1,000 for loss to electronic apparatus, while not in or upon a motor vehicle or other motorized land conveyance, if the electronic apparatus:

- a.** is equipped to be operated by power from the electrical system of the vehicle or conveyance while retaining its capability of being operated by other sources of power;
- b.** is away from the "residence premises"; and
- c.** is used at any time or in any manner for any "business" purpose.

Electronic apparatus includes:

- a.** Accessories and antennas; or
- b.** Tapes, wires, records, discs, or other media; for use with any electronic apparatus described in this item **11**.

12. \$1,000 for loss to art glass windows and other works of art such as, but not limited to; statuary (including but not limited to Hummels), marbles, bronzes, porcelains, rare glass and bric-a-brac.

13. \$2,500 for personal computers and related peripherals such as disk drives, printers and commercial software. We will not pay for other software or lost data.

14. \$1,000 for bicycles and related equipment.

15. \$2,000 for loss to any individual item or set of electronic equipment covered under this Policy caused directly or indirectly by theft or vandalism with a maximum limit of 10% of the total Coverage **C** for all electronic equipment covered. The electronic equipment includes, but is not limited to:

- a.** Television Sets;
- b.** Cameras and Projectors;
- c.** Radios, sound playing and recording devices;
- d.** Video cassettes, records, videotape players, compact disc players, DVD players, compact discs, video discs and tapes;
- e.** Electronic data processing equipment and storage media;
- f.** Electronic games, cartridges and accessories;
- g.** Microwave ovens (unless built-in); and
- h.** Radio transmitting and receiving devices.

16. \$5,000 for loss to tools.

17. 5% of the total Coverage **C** amount for any one item of unscheduled personal property.

Property Not Covered.

We do not cover:

1. Articles separately described and specifically insured in this or other insurance;
2. Animals, birds or fish;
3. Motor vehicles or all other motorized land conveyances. This includes:
 - a. Their equipment and accessories; or
 - b. Electronic apparatus that is designed to be operated solely by use of the power from the electrical system of motor vehicles or all other motorized land conveyances. Electronic apparatus includes:
 - (1) Accessories or antennas; or
 - (2) Tapes, wires, records, discs or other media;

For use with any electronic apparatus described in this item **3.b.**

The exclusion of property described in 3.a. and **3.b.** above applies only while the property is in or upon the vehicle or conveyance.

We do cover vehicles or conveyances not subject to motor vehicle registration which are:

- a. Used to service an "insured's residence";
or
 - b. Designed for assisting the handicapped.
4. Aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
 5. Property of roomers, boarders, tenants, and anyone who regularly resides at the insured premises who is not an "insured".
 6. Property in an apartment regularly rented or held for rental to others by an "insured," except as provided in Additional Coverages **10**;
 7. Property rented or held for rental to others off the "residence premises";

8. "Business" data, including such data stored in:
 - a. Books of account, drawings or other paper records; or
 - b. Electronic data processing tapes, wires, records, discs or other software media;However, we do cover the cost of blank recording or storage media, and of pre-recorded computer programs available on the retail market; or
9. Credit cards or fund transfer cards except as provided in Additional Coverages **6**.
10. Your satellite dish, satellite antenna or radio towers and their antenna. This exclusion also applies to all related receiving equipment including receiver mounts, transducers or other receiver parts or installation parts. Television Sets are not an excluded item under this exclusion.

COVERAGE D - Loss Of Use

We will pay 80% of the additional expenses you incur for a "hurricane loss", and 100% of the additional expenses you incur for other losses, but no more than the limit of liability shown for Coverage **D** in the Declarations for the following:

1. Additional living expenses incurred by you so that your household can maintain its normal standard of living when a loss covered under this Section makes that part of the "residence premises" where you reside not fit to live in.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.
2. If civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, we cover the Additional Living Expenses as provided under **1.** above for no more than two weeks.

The periods of time for expenses described above are not limited by the expiration of this policy. We do not cover loss or expense due to cancellation of a lease or agreement

ADDITIONAL COVERAGES

1. **Debris Removal.** We will pay your reasonable expense for the removal of:

- a. Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- b. Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

We will also pay your reasonable expense, up to \$500, for the removal from the "residence premises" of:

- a. Your tree(s) felled by the peril of Windstorm or Hail;
- b. Your tree(s) felled by the peril of Weight of Ice, Snow or Sleet; or
- c. A neighbor's tree(s) felled by a Peril Insured Against under Coverage C;

provided the tree(s) damages a covered structure. The \$500 limit is the most we will pay in any one loss regardless of the number of fallen trees.

2. **Reasonable repairs.** We will pay the reasonable cost you incur for necessary repairs made solely to protect covered property from further damage, if the peril causing the loss and related damages are covered. This does not relieve you of your duties, in case of a loss to covered property, as set forth in SECTION I - CONDITION 2.d. This coverage does not increase the limit of liability applying to the damaged covered property.

3. **Trees, Shrubs and Other Plants.** We cover trees, shrubs, plants or lawns, on the "residence premises," for loss caused by the following Perils Insured Against: Fire or lightning, Explosion, Riot or civil commotion, Aircraft, Vehicles not owned or operated by a resident of the "residence premises," Vandalism or malicious mischief or Theft. We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than \$500 of this limit will be available for any one tree, shrub or plant. We do not cover property grown for "business" purposes. This coverage is additional insurance.

4. **Fire Department Service Charge.** We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. **Property Removed.** We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed. This coverage does not change the limit of liability that applies to the property being removed.

6. **Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.**

We will pay up to \$500 for:

- a. The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;
- b. Loss resulting from theft or unauthorized use of a fund transfer card used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- c. Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and
- d. Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

We do not cover use of a credit card or fund transfer card:

- a. By a resident of your household;
- b. By a person who has been entrusted with either type of card; or
- c. If an "insured" has not complied with all terms and conditions under which the cards are issued.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss. We do not cover loss arising out of "business" use or dishonesty of an "insured."

This coverage is additional insurance. No deductible applies to this coverage.

Defense:

- a. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.
- b. If a suit is brought against an "insured" for liability under the Credit Card or Fund Transfer Card coverage, we will provide a defense at our expense by counsel of our choice.
- c. We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under the Forgery coverage.

7. Loss Assessment. We will pay up to \$1000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of direct loss to the property, owned by all members collectively, caused by a Peril Insured Against under COVERAGE A - DWELLING, other than earthquake or land shock waves or tremors before, during or after a volcanic eruption.

This coverage applies only to loss assessments charged against you as owner or tenant of the "residence premises."

We do not cover loss assessments charged against you or a corporation or association of property owners by any governmental body.

The limit of \$1000 is the most we will pay with respect to any one loss, regardless of the number of assessments.

Condition 1. Policy Period, under SECTIONS I AND II CONDITIONS, does not apply to this coverage.

8. Collapse.

- a. With respect to this Additional Coverage:
 - (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.
 - (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.
 - (3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.
 - (4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:
 - (1) The Perils Insured Against named under Coverage C;
 - (2) Decay within the building that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;
 - (3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;
 - (4) Weight of contents, equipment, animals, or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation.
- c. Loss to an awning, fence, patio, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under items **b.(2) through (6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.
- d. This coverage does not increase the limit of liability applying to the damaged covered property.

9. Glass or Safety Glazing Material.

- a. We cover:
 - (1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;
 - (2) The breakage, caused directly by Earth Movement, of glass or safety glazing material which is part of a covered building, storm door or storm window; and
 - (3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.
- b. This coverage does not include loss:
 - (1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above.
 - (2) On the "residence premises" if the dwelling has been "vacant" or "unoccupied" for more than 30 consecutive days immediately before the loss, except when the breakage results directly

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from Earth Movement as provided for in a.(2) above. A dwelling being constructed is not considered "vacant" or "unoccupied".

Loss to glass covered under this ADDITIONAL COVERAGE will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

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

10. Landlord's Furnishings. We will pay up to \$2500 for your appliances, carpeting and other household furnishings, in an apartment on the "residence premises" regularly rented or held for rental to others by an "insured," for loss caused only by the following Perils Insured Against:

- a. Fire or lightning.
- b. Windstorm or hail.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening. This peril includes loss to watercraft and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.
- c. Explosion.
- d. Riot or civil commotion.
- e. Aircraft, including self-propelled missiles and spacecraft.
- f. Vehicles.
- g. Smoke, meaning sudden and accidental damage from smoke.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.
- h. Vandalism or malicious mischief.
- i. Falling objects.

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.
- j. Weight of ice, snow or sleet which causes damage to property contained in a building.
- k. Accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

This peril does not include loss:
 - (1) To the system or appliance from which the water or steam escaped;
 - (2) Caused by or resulting from freezing

except as provided in the peril of freezing below; or

(3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises."

In this peril, a plumbing system does not include a sump, sump pump or related equipment.

l. Sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

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

This peril does not include loss on the "residence premises" while the dwelling is unoccupied, unless you have used reasonable care to:

- (1) Maintain heat in the building; or
- (2) Shut off the water supply and drain the system and appliances of water.

n. Sudden and accidental damage from artificially generated electrical current. This peril does not include loss to a tube, transistor or similar electronic component.

o. Volcanic eruption other than loss caused by earthquake, land shock waves or tremors.

The \$2500 limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

11. Accidental Death. Accidental death benefits of \$2,000 per insured adult and \$500 per insured child is provided. Death must result from an accident on the insured residence premises.

12. Temperature Change. We will pay for loss to covered personal property in a building at the residence premises resulting from a change in temperature. The change in temperature must result from a covered loss to the building. This coverage does not increase the limit of liability applying to the damaged property.

13. Power Interruption. We will pay up to \$200 for any one loss to the contents of freezers and refrigerated units on the residence premises caused by an interruption of power which occurs off the residence premises. If a power interruption is known to an insured person, all reasonable means must be used to protect the contents of freezers and refrigerated units. This coverage does not increase the limit of liability applying to the damaged property.

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

SECTION I - PERILS INSURED AGAINST.

COVERAGE A - DWELLING and COVERAGE B - OTHER STRUCTURES

We insure against risk of direct loss to property described in Coverages A and B only if that loss is a physical loss to property. We also insure for the following perils:

1. Sinkhole meaning a landform created by subsidence of soil, sediment, or rock as underlying strata are dissolved by groundwater. A sinkhole may form by collapse into subterranean voids created by dissolution of limestone or dolostone or by subsidence as these strata are dissolved.

Sinkhole Activity meaning settlement systematic weakening of the earth supporting such property only when such settlement or systematic weakening results from movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on limestone or similar rock formation.

Sinkhole Loss meaning structural damage to the building, including the foundation, caused by sinkhole activity. Contents coverage shall apply only if there is structural damage to the building caused by sinkhole activity.

We will pay for:

- a. Costs incurred by you to repair covered physical damage to covered structures; and
- b. Contents damage if the damage occurs as a direct result of sinkhole damage to the covered structure

In addition:

- a. If repairs have begun and the engineer selected or approved by us determines that the repair cannot be completed with the policy limits, we must either complete the engineer's recommended repair or tender the policy limits to you without a reduction for the repair expenses incurred.
- b. This coverage does not relieve you of your duties in the case of a loss to covered property, as set forth in SECTION I -CONDITIONS 2.d.
- c. This coverage does not increase the limit that applies to the covered property.

2. Catastrophic Ground Cover Collapse.

We will pay up to the limit of liability shown in your Declarations for loss caused by "Catastrophic ground cover collapse" under the following conditions:

- 1. We insure for direct physical loss to property covered under Section I caused by the peril of "Catastrophic ground cover collapse".
- 2. Coverage C applies if there is a direct physical loss resulting from a "Catastrophic ground cover collapse", unless the loss is excluded elsewhere in this policy.
- 3. Structural damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute a loss resulting from a "Catastrophic ground cover collapse".

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

The SECTION I - **Earth Movement and Settlement** exclusion 1.b. does not apply to this peril.

WE DO NOT INSURE, HOWEVER, FOR LOSS:

- 1. Involving collapse, other than as provided in Additional Coverage 8;
- 2. Caused by:
 - a. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This exclusion applies only while the dwelling is vacant, unoccupied or being constructed, unless you have used reasonable care to:
 - (1) Maintain heat in the building; or
 - (2) Shut off the water supply and drain the system and appliances of water;
 - b. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - (1) Fence, pavement, patio or swimming pool;
 - (2) Foundation, retaining wall, or bulkhead; or

- (3) Pier, wharf or dock;
- c. Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;
- d. Vandalism and malicious mischief, if the dwelling has been "vacant" or "unoccupied" for more than 30 days immediately before the loss. A dwelling being constructed is not considered "vacant" or "unoccupied".
- e. Any of the following:
 - (1) Wear and tear, marring, deterioration;
 - (2) Inherent vice, latent defect, mechanical breakdown;
 - (3) Smog, rust or other corrosion, "fungi", mold, wet or dry rot;
 - (4) Smoke from agricultural smudging or industrial operations;
 - (5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against under Coverage C of this policy.
 Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;
 - (6) Settling, shrinking, bulging or expansion, including resultant cracking, of pavements, patios, foundations, walls, floors, roofs or ceilings;
 - (7) Birds, vermin, rodents, or insects; or
 - (8) Animals owned or kept by an "insured."
- f. 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 or around any household appliance, shower stall, shower tub or bathtub installation.

If any of these cause water damage not otherwise excluded, from a plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance, we cover loss caused by the water including the

cost of tearing out and replacing any part of a building necessary to repair the system or appliance. We do not cover loss to the system or appliance from which this water escaped.

3. Excluded under Section I - Exclusions.

Under items **1.** and **2.** any ensuing loss to property described in Coverages **A** and **B** not excluded or excepted in this policy is covered.

COVERAGE C - PERSONAL PROPERTY

We insure for direct physical loss to the property described in Coverage **C** caused by a peril listed below unless the loss is excluded in SECTION I - EXCLUSIONS.

1. Fire or lightning.

2. Windstorm or hail.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

This peril includes loss to watercraft and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

3. Explosion.

4. Riot or civil commotion.

5. Aircraft, including self-propelled missiles and spacecraft.

6. Vehicles.

7. Smoke, meaning sudden and accidental damage from smoke.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism or malicious mischief.

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

This peril does not include loss caused by theft:

a. Committed by an "insured";

b. In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

or

- c. From that part of a "residence premises" rented by an "insured" to other than an "insured."

This peril does not include loss caused by theft that occurs off the "residence premises" of:

- a. Property while at any other residence owned by, rented to, or occupied by an "insured," except while an "insured" is temporarily living there. Property of a student who is an "insured" is covered while at a residence away from home if the student has been there at any time during the 45 days immediately before the loss;
- b. Watercraft, and their furnishings, equipment and outboard engines or motors; or
- c. Trailers and campers.

10. Falling objects.

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

- 11. Weight of ice, snow or sleet** which causes damage to property contained in a building.

- 12. Accidental discharge or overflow of water or steam** from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

This peril does not include loss:

- a. To the system or appliance from which the water or steam escaped;
- b. Caused by or resulting from freezing except as provided in the peril of freezing below; or

- c. On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises."

- d. Caused by or resulting from 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 or around a household appliance, shower stall, shower tub or bathtub installation.

In this peril, a plumbing system does not include a sump, sump pump or related equipment.

- 13. Sudden and accidental tearing apart, cracking, burning or bulging** of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

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

This peril does not include loss on the "residence premises" while the dwelling is unoccupied, unless you have used reasonable care to:

- a. Maintain heat in the building; or
- b. Shut off the water supply and drain the system and appliances of water.

- 15. Sudden and accidental damage from artificially generated electrical current.**

This peril does not include loss to a tube, transistor or similar electronic component.

- 16. Volcanic eruption** other than loss caused by earthquake, land shock waves or tremors.

SECTION I - EXCLUSIONS

- 1. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

- a. **Ordinance or Law**, meaning any ordinance or law;

- (1) Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This exclusion 1.a. does not apply to the amount of coverage that may be provided for under the ADDITIONAL COVERAGE of Glass or Safety Glazing Material for Ordinance or Law, or to the limits you purchased of Ordinance or Law Coverage;

- (2) The requirements of which result in a loss in value to property; or

- (3) Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

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

This exclusion applies whether or not the property has been physically damaged.

b. Earth Movement, meaning earthquake, including land shock waves or tremors before, during or after a volcanic eruption; landslide; mine subsidence; mudflow; earth sinking, rising or shifting; unless direct loss by:

- (1) Fire; or
- (2) explosion;

ensues and then we will pay only for the ensuing loss. This exclusion does not apply to loss by theft or in the event of a direct physical loss from "**Catastrophic ground cover collapse**" or from "**Sinkhole Activity**".

c. Water Damage, meaning:

- (1) Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
- (2) Water, water-borne material or sewage which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or
- (3) Water, water-borne material or sewage below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure.

Direct loss by fire, explosion or theft resulting from water damage is covered.

d. Power Failure, meaning the failure of power or other utility service if the failure takes place off the "residence premises." But if the failure of power or other utility service results in a loss, from a PERIL INSURED AGAINST on the "residence premises," we will pay for the loss or damage caused by the PERIL INSURED AGAINST.

e. Neglect, meaning neglect of the "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

f. War, including the following and any consequence of any of the following:

- (1) Undeclared war, civil war, insurrection, rebellion or revolution;
- (2) Warlike act by a military force or military personnel; or
- (3) Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

g. Nuclear Hazard, to the extent set forth in the Nuclear Hazard Clause of SECTION I CONDITIONS.

h. Intentional Loss means any loss arising out of any act any "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insured" who did not commit or conspire to commit the act causing the loss.

i. Criminal Or Illegal Activity, meaning any and all criminal or illegal acts performed by any insured that result in damage to your structure or personal property.

2. We do not insure for loss to property described in Coverages A and B caused by any of the following. However, any ensuing loss to property described in Coverages A and B not excluded or excepted in this policy is covered.

a. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss;

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body;

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property whether on or off the "residence premises."

SECTION I - 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.

2. Your Duties After Loss. In case of loss to a covered property, you must see that all of the following are done:

- a. Give prompt notice to us or our agent;
- b. Notify the police in case of loss by theft;
- c. Notify the credit card or fund transfer card company in case of loss under Credit Card or Fund Transfer Card coverage;

d. Protect the property from further damage. If repairs to the property are required, you must:

- (1) Make reasonable and necessary repairs to protect the property; and
- (2) Keep an accurate record of repair expenses;

e. Prepare an inventory of damaged personal property showing the quantity, description, age, actual cash value and amount of loss. Attach bills, receipts and related documents that establish ownership of the damaged personal property and justify the figures in the inventory.

f. As often as we reasonably require:

- (1) Show the damaged property;
- (2) Provide us with records and documents we request and permit us to make copies; and
- (3) Submit to examination under oath, while not in the presence of any other "insured," and sign the same;
- (4) Submit to a recorded statement.

g. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- (1) The time and cause of loss;
- (2) The interest of the "insured" and all others in the property involved and all liens on the property;
- (3) Other insurance which may cover the loss;
- (4) Changes in title or occupancy of the property during the term of the policy;
- (5) Specifications of damaged buildings and detailed repair estimates;
- (6) The inventory of damaged personal property described in 2.e. above;
- (7) Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- (8) Evidence or affidavit that supports a claim under the Credit Card, Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.

h. At our request, provide to us or execute an authorization which allows us to obtain on your behalf, records and documentation we deem relevant to the investigation of your loss.

3. Loss Settlement. Covered property losses are settled as follows:

a. Property of the following types:

- (1) Personal property;
- (2) Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
- (3) Structures that are not buildings;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

b. Buildings under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

- (1) If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of deductible and without deduction for depreciation, but not more than the least of the following amounts:

- (a) The limit of liability under this policy that applies to the building;
- (b) The replacement cost of that part of the building damaged for like construction and use on the same premises; or
- (c) The necessary amount actually spent to repair or replace the damaged building.

- (2) If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (a) The actual cash value of that part of the building damaged; or
- (b) That proportion of the cost to repair or replace, after application of deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

- (3) To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

- (a) Excavations, foundations, piers or any supports which are below the undersurface of the lowest basement floor;
- (b) Those supports in (a) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (c) Underground flues, pipes, wiring and drains.

4. Loss to a Pair or Set. In case of loss to a pair or set we may elect to:

- a. Repair or replace any part to restore the pair or set to its value before the loss; or
- b. Pay the difference between actual cash value of the property before and after the loss.

5. Glass Replacement. Loss for damage to glass caused by a Peril Insured Against will be settled on the basis of replacement with safety glazing materials when required by ordinance or law.

6. Mediation Or Appraisal.

If you or we fail to agree on the amount of loss, either may:

- a. Demand a mediation of the loss in accordance with the rules established by the Florida Department of Financial Services. The results of the mediation are binding Only when both parties agree, in writing, on a settlement and, you have not rescinded the settlement within 3 business days after reaching settlement. You may not rescind the settlement after cashing or depositing the settlement check or draft we provided you.

We will pay the cost of conducting any mediation conference except when you fail to appear at a conference. That conference will then be rescheduled upon your payment of the costs of that rescheduled conference.

- b. Demand an appraisal of the loss. In this event, each party will choose a competent appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of the loss. 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.

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A decision agreed to by any two will set the amount of the loss.

Each party will:

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

If however, we demanded the mediation and either party rejects the mediation results, you are not required to submit to, or participate in, any appraisal of the loss as a precondition to action against us for failure to pay the loss.

7. Other Insurance. 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.

8. Suit Against Us. No action can be brought unless the policy provisions have been complied with and the action is started within 5 years after the date of loss.

With respect to Sinkhole Losses, the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or 5 years, whichever is later.

9. Our Option.

If at the time of loss, the damaged property is:

- a. Not insured for Replacement Cost Loss Settlement as outlined in Section I - Conditions, Loss Settlement, and we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.
- b. Insured for Replacement Cost Loss Settlement as outlined in Section I - Conditions, Loss Settlement, we will pay the amount of loss, whether or not you repair or replace the damaged property.

10. Loss Payment. We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable as follows:

1. Within 90 days after we receive notice of a claim from you, we will pay or deny such claim or a portion of the claim unless the failure to pay such claim or portion of claim is caused by factors beyond our control which reasonably prevent such payment.

We will pay you:

- a. Within 20 days of entry of a:
 - (1) written executed agreement of settlement with you according to the terms of the written agreement; or

- (2) written executed mediation settlement with you according to the terms of the written mediation settlement.

b. Within 60 days of:

- (1) entry of a final judgment or, in the case of an appeal from such judgment, within 60 days from and after the affirmance of the same by the appellate court; or
- (2) the filing of an appraisal award or, in the case of an appeal from such award, within 60 days from and after the affirmance of the same by the appellate court.

11. Abandonment of Property. We need not accept any property abandoned by an "insured."

12. Mortgage Clause.

The word "mortgagee" includes trustee.

If a mortgagee is named in this policy, any loss payable under Coverage A or B will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

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

- a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
- b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
- c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Policy conditions relating to Appraisal, Suit Against Us and Loss Payment apply to the mortgagee.

If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

If we pay the mortgagee for any loss and deny payment to you:

- a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
- b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

13. No Benefit to Bailee. We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving

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property for a fee regardless of any other provision of this policy.

14. Nuclear Hazard Clause.

- a. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
b. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against in Section I.
c. This policy does not apply under Section I to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

15. Recovered Property. If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

16. Volcanic Eruption Period. One or more

volcanic eruptions that occur within a 72-hour period will be considered as one volcanic eruption.

17. Venue. This policy and any performance thereunder shall be construed with and governed by the laws of the State of Florida.

18. Neutral Evaluation. This condition applies to Sinkhole Losses.

Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for stabilizing the land and building and foundation repairs, or if we deny your claim, either party may file a request with the Florida Department Of Financial Services (the Department) for neutral evaluation in accordance with the rules established by the Department. In this event, you and we shall mutually select a neutral evaluator from a list maintained by the Department. If you and we fail to agree to a neutral evaluator within 10 business days, the Department shall appoint a neutral evaluator. The neutral evaluation conference shall be held within 45 days after the receipt of the request by the Department. The recommendation of the neutral evaluator will not be binding on you or us. We will pay the costs associated with the neutral evaluation.

SECTION II - LIABILITY COVERAGES

COVERAGE E - 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. Our duty to settle or defend ends when the amount we pay for damages resulting from the "occurrence" equals our limit of liability.

COVERAGE F - Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained 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 devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees." As to others, this coverage applies only:

- 1. To a person on the "insured location" with the permission of an "insured"; or
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"; or
d. Is caused by an animal owned by or in the care of an "insured."

SECTION II - EXCLUSIONS

1. Coverage E - Personal Liability and Coverage F - Medical Payments to Others does not apply to "bodily injury" or "property damage":

- a. Which is expected or intended by one or more "insureds",

b. Arising out of or in connection with a "business" engaged in by an "insured." This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business";

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c. 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; or
- (3) In part, as an office, school, studio or private garage;

d. Arising out of the rendering of or failure to render professional services;

e. 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";

f. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an "insured";
- (2) The entrustment by an "insured" of a motor vehicle or any other motorized land conveyance to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a conveyance excluded in paragraph (1) or (2) above.

This exclusion does not apply to:

- (1) A trailer not towed by or carried on a motorized land conveyance.
- (2) A motorized land conveyance designed for recreational use off public roads, not subject to motor vehicle registration and:
 - (a) Not owned by an "insured"; or
 - (b) Owned by an "insured" and on an "insured location";
- (3) A motorized golf cart when used to play golf on a golf course;
- (4) A vehicle or conveyance not subject to motor vehicle registration which is:
 - (a) Used to service an "insured's" residence;
 - (b) Designed for assisting the handicapped; or
 - (c) In dead storage on an "insured location";

g. 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 an 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) One 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.

h. Arising out of:

- (1) The ownership, maintenance, use, loading or unloading of an aircraft;
- (2) The entrustment by an "insured" of an aircraft to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using an aircraft.

An aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

i. Caused directly or indirectly by war, including the following and any consequence of any of the following:

- (1) Undeclared war, civil war, insurrection, rebellion or revolution;
- (2) Warlike act by a military force or military personnel; or
- (3) Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

j. Which arises out of the transmission of a communicable disease by an "insured";

k. Arising out of actual or alleged sexual molestation or harassment, corporal punishment, or physical or mental abuse; or

l. 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.

Exclusions e., f., g., and h. do 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."

2. Coverage E - Personal Liability, does not apply to:

a. Liability:

- (1) For any loss assessment charged against you as a member of an association, corporation or community of property owners;
- (2) Under any contract or agreement. However, this exclusion does not apply to written contracts:
 - (a) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (b) Where the liability of others is assumed by the "insured" prior to an "occurrence"; unless excluded in (1) above or elsewhere in this policy;

b. "Property damage" to property owned by the "insured";

c. "Property damage" to property rented to, occupied or used by or in the care of the "insured." This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

d. "Bodily injury" to any person eligible to receive any benefits:

- (1) Voluntarily provided; or
- (2) Required to be provided; by the "insured" under any:
 - (1) Workers' compensation law;
 - (2) Non-occupational disability law; or
 - (3) Occupational disease law;

e. "Bodily injury" or "property damage" for which an "insured" under this policy:

- (1) Is also an insured under a nuclear energy liability policy; or
- (2) Would be an insured under that policy but for the exhaustion of its limit of liability.

A nuclear energy liability policy is one issued by:

- (1) American Nuclear Insurers;
- (2) Mutual Atomic Energy Liability Underwriters;
- (3) Nuclear Insurance Association of Canada; or any of their successors; or

f. "Bodily injury" to you or an "insured" within the meaning of part a. or b. of "insured" as defined.

g. "Bodily injury" or "property damage" caused by any animal owned by or kept by you or any insured whether or not the injury or damage occurs on your premises or any other location.

3. Coverage F - Medical Payments to Others, does not apply to "bodily injury":

a. 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. To any person eligible to receive benefits:

- (1) Voluntarily provided; or
- (2) Required to be provided; under any:
 - (1) Workers' compensation law;
 - (2) Non-occupational disability law; or
 - (3) Occupational disease law;

c. From any:

- (1) Nuclear reaction;

(2) Nuclear radiation; or

- (3) Radioactive contamination; all whether controlled or uncontrolled or however caused; or

(4) Any consequence of any of these; or

d. To any person, other than a "residence employee" of an "insured," regularly residing on any part of the "insured location."

SECTION II - ADDITIONAL COVERAGES

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

1. Claim Expenses. We pay:

- a.** Expenses we incur and costs taxed against an "insured" in any suit we defend;
- b.** Premiums on bonds required in a suit we defend, but not for bond amounts more than the limit of liability for Coverage E. 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; and
- 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 does not exceed the limit of liability that applies.

2. First Aid Expenses. We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to you or any other "insured."

3. Damage to Property of Others. We will pay, at replacement cost, up to \$500 per "occurrence" for "property damage" to property of others caused by an "insured."

We will not pay for "property damage":

- a.** To the extent of any amount recoverable under Section I of this policy;
- b.** Caused intentionally by an "insured" who is 13 years of age or older;
- c.** To property owned by an "insured";
- d.** To property owned by or rented to a tenant of an "insured" or a resident in your household; or

e. Arising out of:

- (1) A "business" engaged in by an "insured";
- (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured," other than the "insured location"; or
- (3) The ownership, maintenance, or use of aircraft, watercraft or motor vehicles or all other motorized land conveyances.

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

4. Loss Assessment. We will pay up to \$1000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of:

- a.** "Bodily injury" or "property damage" not excluded under Section II of this policy; or
- b.** Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided:
 - (1) The director, officer or trustee is elected by the members of a corporation or association of property owners; and
 - (2) The director, officer or trustee serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

This coverage applies only to loss assessments charged against you as owner or tenant of the "residence premises."

We do not cover loss assessments charged against you or a corporation or association of property owners by any governmental body. Regardless of the number of assessments, the limit of \$1000 is the most we will pay for loss arising out of:

- a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or

- b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

The following do not apply to this coverage:

- 1. Section II - Coverage E - Personal Liability Exclusion 2.a.(1);
- 2. Condition 1. Policy Period, under SECTIONS I AND II - CONDITIONS.

SECTION II - CONDITIONS

1. Limit of Liability. Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the limit of liability for Coverage E as shown in the Declarations. This limit is the same regardless of the number of "insureds," claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence."

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the limit of liability for Coverage F as shown in the Declarations.

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. You 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"; and
 - (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 and attend hearings and trials; and
- (4) To secure and give evidence and obtain the attendance of witnesses;

d. Under the coverage - Damage to Property of Others - submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in the "insured's" control;

e. The "insured" will not, except at the "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury."

4. Duties of an Injured Person - Coverage F -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; and
- b. Authorize us to obtain copies of medical reports and records.
- c. Submit to a recorded statement.

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 F - 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 E can be brought against us until the obligation of the "insured" has been determined by final judgment or agreement signed by us.

7. Bankruptcy of an Insured. Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

8. Other Insurance - Coverage E - Personal Liability. This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

9. Venue. This policy and any performance thereunder shall be construed with and governed by the laws of the State of Florida.

SECTIONS 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.

2. Concealment or Fraud

a. Under SECTION I - PROPERTY COVERAGES, with respect to any and all "insureds" covered under this policy, we provide no coverage for loss under SECTION I - PROPERTY COVERAGES if, whether before or after a loss, any one or more "insureds" have:

- (1) Intentionally concealed or misrepresented any material fact or circumstances;
- (2) Engaged in fraudulent conduct; or
- (3) Made false statements relating to this insurance.

b. Under SECTION II - LIABILITY COVERAGES we do not provide coverage to any one or more "insureds" who, whether before or after a loss, have;

- (1) Intentionally concealed or misrepresented any material fact or circumstances;
- (2) Engaged in fraudulent conduct; or
- (3) Made false statements; relating to this insurance.

3. Liberalization Clause. If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented through introduction of a subsequent edition of our policy.

4. Waiver or Change of Policy Provisions.

A waiver or change of a provision of this policy must be in writing by us to be valid. 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 returning it to us or by letting us know in writing of the date cancellation is to take effect.
- b. When this policy has been in effect for 90 days or less, we may cancel immediately if there has been a material misstatement or misrepresentation or failure to comply with underwriting requirements.
- c. We may also cancel this policy subject to the following provisions. A written cancellation notice, together with the specific reasons for cancellation, will be delivered to you, or mailed to you at your mailing address shown in the Declarations.

Proof of mailing will be sufficient proof of notice.

- (1) When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
- (2) When this policy has been in effect for 90 days or less, we may cancel for any reason, except we may not cancel;
 - (a) On the basis of property insurance claims that are the result of an Act of God, unless we can demonstrate, by claims frequency or otherwise, that the "insured" has failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - (b) On the basis of filing of claims for partial loss caused by sinkhole damage or clay shrinkage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may cancel the policy if:
 - i) The total of such property claim payments for this policy exceeds the current policy limits of coverage for property damage; or

AVATAR PROPERTY AND CASUALTY INSURANCE COMPANY

- ii) You have failed to report the structure in accordance with the recommendations upon which any loss payment or policy proceeds were based.

- (c) Solely on the basis of the age of the structure.

Except as provided in item 5.b. above, we will let you know of our action at least 20 days before the date cancellation takes effect.

- (3) When this policy has been in effect for more than 90 days, we may cancel:
 - (a) If there has been a material misstatement.
 - (b) If the risk has changed substantially since the policy was issued.
 - (c) In the event of failure to comply with the underwriting requirements established by us within 90 days of the effective date of coverage.
 - (d) If the cancellation is for all insureds under policies of this type for a given class of insureds;
 - (e) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate by claims frequency or otherwise, that the "insured" has failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - (f) On the basis of filing of claims for partial loss caused by sinkhole damage or clay shrinkage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim.However, we may cancel the policy if:

- i) The total of such property claim payments for this policy exceeds the current policy limits of coverage for property damage; or
- ii) You have failed to report the structure in accordance with the recommendations upon which any loss payment or policy proceeds were based.

This can be done by letting you know at least 100 days prior to the effective date of the cancellation. However, we shall give at least 100 days' written notice, or written notice by June 1, whichever is earlier, for any cancellation that would be effective between June 1 and November 30.

- d. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within fifteen (15) working days after the date cancellation takes effect.

An insurer that cancels a property insurance policy on property secured by a mortgage due to the failure of the lender to timely pay the premium when due shall reinstate the policy as required by § 501.137, Florida Statutes.

A single claim on a property insurance policy that is the result of water damage may not be used as the sole cause for cancellation or nonrenewal unless we can demonstrate that the "insured" has failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the "insured" property.

- 6. **Nonrenewal.** We may elect not to renew this policy. However, we will not nonrenew this policy:
 - a. On the basis of property insurance claims that are the result of an Act of God, unless we can demonstrate by claims frequency or otherwise, that the "insured" has failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - b. On the basis of filing of claims for partial loss caused by sinkhole damage or clay shrinkage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may cancel the policy if:
 - (1) The total of such property claim payments for this policy exceeds the current policy limits of coverage for property damage; or
 - (2) You have failed to report the structure in accordance with the recommendations upon which any loss payment or policy proceeds were based.

- c. Solely on the basis of the age of the structure.

We may do so by delivering to you or mailing to you at your mailing address shown in the Declarations, written notice, together with the specific reasons for nonrenewal, at least 100 days prior to the effective date of the nonrenewal. However, we shall give at least 100 days' written notice, or written notice by June 1, whichever is earlier, for any nonrenewal that would be effective between June 1 and November 30. Proof of mailing will be sufficient proof of notice.

A single claim on a property insurance policy that is the result of water damage may not be used as the sole cause for nonrenewal unless we can demonstrate that the "insured" has failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the "insured" property.

- 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 rights of recovery for a loss to the extent that payment is made by us. However, we waive any rights of recovery against the corporation or association of property owners of the condominium where the "residence premises" is located.

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 any person named in the Declarations or the spouse, if a resident of the same household, dies:
- a.** We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death;
 - b.** "Insured" includes:
 - (1) Any member of your household who is an "insured" at the time of your death, but only while a resident of the "residence premises"; and
 - (2) With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

10. Renewal Notification. If we elect to renew this policy, we will let you know, in writing;

- a. Of our decision to renew this policy; and
- b. The amount of renewal premium payable to us.

This notice will be delivered to you or mailed to you at your mailing address shown in the Declarations at least 45 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

11. 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 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.

All other provisions of this policy apply.

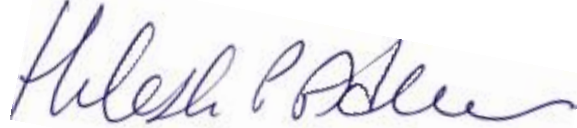
AVATAR PROPERTY AND CASUALTY INSURANCE COMPANY

This policy is issued on behalf of the Avatar Property And Casualty Insurance Company .

This policy is signed on **our** behalf by **our** President and Secretary



Secretary



President



Avatar Property & Casualty Insurance Company
1408 N. Westshore Blvd., Suite 805
Tampa, FL 33607
Phone: (813) 514-0333
Fax: (813) 514-0255
www.avatarins.com

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS – FLORIDA

FOR USE WITH FORMS HO3 and HO6

In Form HO3

SECTION I – EXCLUSIONS

c. Water Damage, is replaced by the following:

- (1)** Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind, hurricane, tropical storm or tornado;
- (2)** Water or water-borne material or sewage which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or
- (3)** Water or water-borne material or sewage below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

In Form HO3

SECTION I – CONDITIONS

6. Mediation Or Appraisal; Appraisal and the last paragraph of the condition is deleted. The following replaces the first sentence:

If there is a dispute with respect to a claim subject to mediation under this policy, either we or you may:

9. Our Option, is replaced by the following:

If we give you written notice within 30 days after we receive your signed, sworn proof of loss:

- 1.** For losses settled on an actual cash value basis, we may repair or replace any part of the damaged property with material or property of like kind and quality;
- 2.** For losses covered under Section I insured for Replacement Cost Loss Settlement as outlined in Section I – Conditions, Loss Settlement, we may repair the damaged property;
- 3.** For all other losses insured on a replacement cost basis, the replacement cost will be paid, whether or not you repair or replace the damaged property.

In Form HO6 **AI 5SP 2009 10**

Coverage U – Unit Owners Additions and

Alterations – The following paragraph has been added.

5. All improvements or additions to the condominium property that benefit fewer than all unit owners.

Section 7. Loss Assessment has been amended to read:

We will pay up to \$2,000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of direct loss to the property, owned by all members collectively, caused by a Peril Insured Against under **COVERAGE U – Unit Owners Additions and Alterations**, other than earthquake or land shock waves or tremors before, during or after a volcanic eruption.

This coverage applies only to loss assessments charged against you as owner or tenant of the “residence premises.”

We do not cover loss assessments charges against you or a corporation or association of property owners by any governmental body.

The limit of \$2,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. No deductible applies.

Condition 1. Policy Period, under **SECTIONS I and II CONDITIONS**, does not apply to this coverage.

In Form HO6

SECTION I – EXCLUSIONS

3. Water Damage, is replaced by the following:

- (1)** Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind, hurricane, tropical storm or tornado;
- (2)** Water or water-borne material or sewage which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or
- (3)** Water or water-borne material or sewage below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

Avatar Property and Casualty Insurance Company

**Homeowners
AI 5SP 2009 10**

caused by or resulting from human or animal forces
or any act of nature.

Direct loss by fire, explosion or theft resulting from
water damage is covered.

In Form HO6

SECTION I CONDITIONS

6. Mediation Or Appraisal, Appraisal is deleted.