

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Flood Coverage Endorsement

Homeowners Policy

INSURANCE AGREEMENT

Insuring Agreement

We will pay for "direct physical loss by or from flood" to your insured property if you:

1. Have paid the correct premium;
2. Comply with all terms and conditions of this "flood coverage endorsement"; 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 "flood coverage endorsement" based on our review.

This "flood coverage endorsement" modifies the insurance provided under your homeowners policy by adding coverage for the peril of "flood", but only when a "flood" limit of insurance is shown on the "Declarations Page". It contains definitions, limitations, restrictions and other terms separate and distinct from the remainder of this policy. However, certain events described in this "flood coverage endorsement" may affect matters described elsewhere in this policy. Use of coverage under this "flood coverage endorsement", for example, may reduce coverage available for other perils under the policy. This "flood coverage endorsement" will control to the extent of any inconsistencies between this "flood coverage endorsement" and the remainder of the policy.

As an alternative to this "flood coverage endorsement", "flood" insurance may be available under the National Flood Insurance Program (NFIP) through an insurance agent who may obtain a flood policy either directly through the NFIP or through an insurance company that participates in the NFIP.

DEFINITIONS

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

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

This section is in addition to the definitions described in the homeowners policy.

"Flood"

as used in this "flood coverage endorsement", means:

- a. 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:

“Flood” Cont.	<ul style="list-style-type: none"> (1) Overflow of inland or tidal waters; (2) Unusual and rapid accumulation or runoff of surface waters from any source; or (3) “Mudflow”; or <p>b. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves of water exceeding anticipated cyclical levels that result in a “flood” as defined in a.(1) above.</p>
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The following are the other key definitions we use in this “flood coverage endorsement”:

“Act”	means the National Flood Insurance Act of 1968 and any amendments to it.
“Actual Cash Value”	means the cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
“Base Flood”	means a “flood” having a one percent chance of being equaled or exceeded in any given year.
“Basement”	means any area of the “building”, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.
“Building”	means a structure with two or more outside rigid walls and a fully secured roof, which is affixed to a permanent site. “Building” does not mean a gas or liquid storage tank or a recreational vehicle, park trailer, or other similar vehicle.
“Declarations Page”	means a summary of information you provided in the application for insurance. The “Declarations Page” also describes the term of the “flood coverage endorsement”, limits of coverage, and displays the premium and our name.
“Described Location”	means the location where the insured “building(s)” or personal property is found. The “described location” is shown on the “Declarations Page”.
“Direct Physical Loss By or From Flood”	means loss or damage to insured property, directly caused by a “flood”. There must be evidence of physical changes to the property.
“Dwelling”	means a “building” designed for use as a residence for no more than four families.
“Elevated Building”	means 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.
“Elevated Post-FIRM Building”	means a “building” that has no “basement” and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.
“Emergency Program”	means the initial phase of a community’s participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the “Act”.
“Flood Coverage Endorsement”	<p>means the entire written contract providing “flood” insurance between you and us. It includes:</p> <ul style="list-style-type: none"> a. This printed “flood coverage endorsement” form; b. The application and “Declarations Page”;

“Flood Coverage Endorsement” Cont.	<p>c. Any other endorsement(s) that may be issued; and</p> <p>Only the “described location”, which you specifically listed in the application, may be insured under this “flood coverage endorsement”.</p>
“Improvements”	means fixtures, alterations, installations, or additions comprising a part of the insured “dwelling” or the apartment in which you reside.
“Mudflow”	means 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”.
“Pollutants”	means substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.
“Replacement Cost”	means the cost to replace damaged property with materials of like kind and quality, without deduction for depreciation.
“Special Flood Hazard Area”	means an area having special “flood”, or “mudflow”, and/or “flood”-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.

DEDUCTIBLE

When a loss is covered under this “flood coverage endorsement”, we will pay only that part of the loss that exceeds your deductible amount, subject to the “flood” limit of liability that applies. The deductible amount is equal to the flood deductible shown on the “Declarations Page”.

The deductible does not apply to the following under Property Covered:

1. Flood Coverage C – Other Coverages, Loss Avoidance Measures;
2. Flood Coverage D – Increased Cost of Compliance; or
3. Flood Coverage E – Loss of Use.

PROPERTY COVERED

FLOOD COVERAGE A - BUILDING PROPERTY AND ADDITIONS AND EXTENSIONS

Covered Property	<p>We insure against “direct physical loss by or from flood” to:</p> <ol style="list-style-type: none"> 1. The “dwelling” at the “described location”. 2. Additions and extensions attached to and in contact with the “dwelling” by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the “building” by means of a common interior wall that is not a solid load-bearing wall are always considered part of the “dwelling” and cannot be separately insured.
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**Covered Property
Cont.**

3. A detached garage and/or other structures at the "described location". Coverage is limited to no more than 10% of the "flood" limit of coverage on the "dwelling". Use of this insurance is at your option but reduces the "flood" "building" limit of liability. We do not cover any detached garage or other structure used or held for use for business, or farming purposes.
4. Materials and supplies to be used for construction, alteration, or repair of the "dwelling", a detached garage or other structures while the materials and supplies are stored in a fully enclosed "building" at the "described location" or on an adjacent property.
5. A "building", other than a "dwelling", under construction, alteration, or repair at the "described location".
 - a. If the structure is not yet walled or roofed as described in the definition for "building" then coverage applies:
 - (1) Only while such work is in progress; or
 - (2) If such work is halted, only for a period of up to 90 continuous days thereafter.
 - b. However, coverage does not apply until the "building" is walled and roofed if the lowest floor, including the "basement" floor, of a non-"elevated building" or the lowest elevated floor of an "elevated building" is:
 - (1) Below the "base flood" elevation in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A. AR/AO; or
 - (2) Below the "base flood" elevation adjusted to include the effect of wave action in Zones VE or V1-V30.

The lowest floor levels are based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1-V30 and the top of the floor in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO.
6. The following items of property, which are covered under Coverage A only:
 - a. Awnings and canopies;
 - b. Blinds;
 - c. Built-in dishwashers;
 - d. Built-in microwave ovens;
 - e. Carpet permanently installed over unfinished flooring;
 - f. Central air conditioners;
 - g. Elevator equipment;
 - h. Fire sprinkler systems;
 - i. Walk-in freezers;
 - j. Furnaces and radiators;
 - k. Garbage disposal units;
 - l. Hot water heaters, including solar water heaters;
 - m. Light fixtures;
 - n. Outdoor antennas and aerials fastened to buildings;
 - o. Permanently installed cupboards, bookcases, cabinets, paneling, and wallpaper;
 - p. Plumbing fixtures;
 - q. Pumps and machinery for operating pumps;
 - r. Ranges, cooking stoves, and ovens;
 - s. Refrigerators; and
 - t. Wall mirrors, permanently installed.
7. Items of property in a "building" enclosure below the lowest elevated floor of an "elevated post-FIRM building" located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a "basement", regardless of the zone. Coverage is limited to the following:

**Covered Property
Cont.**

- 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;
 - (7) Fuel tanks and the fuel in them;
 - (8) Furnaces and hot water heaters;
 - (9) Heat pumps;
 - (10) Nonflammable insulation in a “basement”;
 - (11) Pumps and tanks used in solar energy systems;
 - (12) Stairways and staircases attached to the “building”, not separated from it by elevated walkways;
 - (13) Sump pumps;
 - (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
 - (15) Well water tanks and pumps;
 - (16) Required utility connections for any item in this list; and
 - (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a “building”.
- b.** Clean-up.

Use of the coverage under FLOOD COVERAGE A – BUILDING PROPERTY will reduce the coverage available under COVERAGE A – Dwelling to the extent that the “flood” damage is to the “dwelling” or to materials and supplies to be used for the alteration or repair of the “dwelling”. COVERAGE B – Other Structures coverage will be reduced if the “flood” damage is to a “building” other than the “dwelling” or to materials and supplies to be used for the alteration or repair of a “building” other than the “dwelling” covered by this “flood coverage endorsement”.

FLOOD COVERAGE B - PERSONAL PROPERTY**Covered Property**

If you have purchased personal property “flood” coverage, we insure against “direct physical loss by or from flood” to personal property inside a “building” at the “described location”, if:

- a.** The personal property is owned by you or your household family members; and
- b.** At your option, the personal property is owned by guests or residence employees.

Personal property is also covered for a period of 45 days at another location as set forth in Flood Coverage C – Other Coverages, Property Removed to Safety.

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

Coverage for personal property includes the following property, subject to Flood Coverage B – Personal Property, Covered Property above, which is covered under Coverage B only:

- a.** Air conditioning units, portable or window type;

**Covered Property
Cont.**

- b. Carpets, not permanently installed, over unfinished flooring;
- c. Carpets over finished flooring;
- d. Clothes washers and dryers;
- e. Cook-out grills;
- f. Food freezers, other than walk-in, and food in any freezer; and
- g. Portable microwave ovens.

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.

Use of the coverage under the FLOOD COVERAGE B – PERSONAL PROPERTY will reduce the coverage available under COVERAGE C – Personal Property.

Special Limits

We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:

- 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 semi-precious stones, or articles of gold, silver, or platinum;
- d. Furs or any article containing fur which represents its principal value; or
- e. Personal property used in any business.

We will pay only for the functional value of antiques.

FLOOD COVERAGE C - OTHER COVERAGES**Debris Removal**

Section I – Property Coverages - Additional Coverages 1. Debris Removal is replaced with the following:

We will pay the expense to remove non-owned debris on or in insured property, and owned debris anywhere. If you or a member of your household performs the removal work, the value of your work will be based on the Federal minimum wage.

We will pay no more than \$250,000 or the Coverage A limit of liability for "flood", whichever is less.

This coverage does not increase the limit of liability listed for "flood" on the "Declarations Page".

**Loss Avoidance
Measures****Sandbags, Supplies, and Labor**

We will pay up to \$1,000 for costs you incur to protect the insured "building" from a "flood" or imminent danger of "flood", for the following:

- a. Your reasonable expenses to buy:
 - (1) Sandbags, including sand to fill them;
 - (2) Fill for temporary levees;
 - (3) Pumps; and

**Loss Avoidance
Measures Cont.**

- (4) 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.
- c. 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:
 - (1) 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
 - (2) 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 limit of liability listed for Coverage A or Coverage B for "flood" on the "Declarations Page".

Section I – Property Coverages - Additional Coverages 5. Property Removed is replaced with the following:

Property Removed to Safety

We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the "described location" that contains the property in order to protect it from "flood" or the imminent danger of "flood". Reasonable expenses include the value of work, at the Federal minimum wage, you or a member of your household perform.

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

Any property removed must be placed above ground level or outside of the "special flood hazard area".

This coverage does not increase the limit of liability listed for Coverage A or Coverage B for "flood" on the "Declarations Page".

FLOOD COVERAGE D – INCREASED COST OF COMPLIANCE**General**

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

Limit of Liability

We will pay you up to \$30,000 under this Coverage D - Increased Cost of Compliance, which only applies to homeowners policies with "building" coverage (Coverage A). This coverage is in addition to the limit of liability listed for Coverage A for "flood" on the "Declarations Page"; however, the most you can collect under this "flood coverage endorsement" for both Coverage A and flood Coverage D cannot exceed \$250,000. We do not charge a separate deductible for a claim under Coverage D.

Eligibility

A structure covered under Coverage A sustaining a loss caused by a "flood" as defined by this "flood coverage endorsement" must:

- a. Be a repetitive loss structure. A repetitive loss structure is one that meets the following conditions:
 - (1) The structure has suffered "flood" damage on two occasions during a 10-year period, which ends on the date of the second loss.
 - (2) The cost to repair the "flood" damage, on average, equaled or exceeded 25% of the market value of the structure at the time of each "flood" loss.

Eligibility Cont.

(3) The state or community must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the structure; or

- b.** Be a structure that has had “flood” damage in which the cost to repair equals or exceeds 50% of the market value of the structure at the time of the “flood”. The state or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the structure.

This Coverage D pays you to comply with state or local floodplain management laws or ordinances that meet the minimum standards of the National Flood Insurance Program found in the Code of Federal Regulations at 44 CFR 60.3. We pay for compliance activities that exceed those standards under these conditions:

- a.** Eligibility Paragraph **a.** above.
- b.** Elevation or floodproofing in any risk zone to preliminary or advisory “base flood” elevations provided by FEMA which the state or local government has adopted and is enforcing for “flood”-damaged structures in such areas. (This includes compliance activities in B, C, X, or D zones which are being changed to zones with “base flood” elevations. This also includes compliance activities in zones where “base flood” elevations are being increased, and a “flood”-damaged structure must comply with the higher advisory “base flood” elevation). Increased Cost of Compliance coverage does not apply to situations in B, C, X, or D zones where the community has derived its own elevations and is enforcing elevation or floodproofing requirements for “flood”-damaged structures to elevations derived solely by the community.
- c.** Elevation or floodproofing above the “base flood” elevation to meet state or local “freeboard” requirements, i.e., that a structure must be elevated above the “base flood” elevation.

Under the minimum NFIP criteria at 44 CFR 60.3 (b)(4), states and communities must require the elevation or floodproofing of structures in unnumbered A zones to the “base flood” elevation where elevation data is obtained from a federal, state, or other source. Such compliance activities are also eligible for Coverage D.

This coverage will also pay for the incremental cost, after demolition or relocation, of elevating or floodproofing a structure during its rebuilding at the same or another site to meet state or local floodplain management laws or ordinances, subject to Exclusion **g.** below.

This coverage will also pay to bring a “flood”-damaged structure into compliance with state or local floodplain management laws or ordinances, even if the structure had received a variance before the present loss from the applicable floodplain management requirements.

Conditions

When a structure covered under Coverage A sustains a loss caused by a “flood”, our payment for the loss under this Coverage D will be for the increased cost to elevate, floodproof, relocate, or demolish (or any combination of these activities) caused by the enforcement of current state or local floodplain management ordinances or laws. Our payment for eligible demolition activities will be for the cost to demolish and clear the site of the “building” debris or a portion thereof caused by the enforcement of current state or local floodplain management ordinances or laws. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.

When the “building” is repaired or rebuilt, it must be intended for the same occupancy as the present “building” unless otherwise required by current floodplain management ordinances or laws.

Exclusions

Under this Coverage D (Increased Cost of Compliance) we will not pay for:

- a.** The cost to comply with any floodplain management law or ordinance in communities participating in the “Emergency Program”.

Exclusions Cont.

- b. The cost associated with enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
- c. The loss in value to any insured "building" or other structure due to the requirements of any ordinance or law.
- d. The loss in residual value of the undamaged portion of a "building" demolished as a consequence of enforcement of any state or local floodplain management law or ordinance.
- e. Any Increased Cost of Compliance under this Coverage D:
 - (1) Until the "building" is elevated, floodproofed, demolished, or relocated on the same or to another premises; and
 - (2) Unless the "building" is elevated, floodproofed, demolished, or relocated as soon as reasonably possible after the loss, not to exceed two years.
- f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the state or local floodplain management law or ordinance.
- g. Any compliance activities needed to bring additions or "improvements" made after the loss occurred into compliance with state or local floodplain management laws or ordinances.
- h. Loss due to any ordinance or law that you were required to comply with before the current loss.
- i. Any rebuilding activity to standards that do not meet the NFIP's minimum requirements. This includes any situation where the insured has received from the state or community a variance in connection with the current "flood" loss to rebuild the property to an elevation below the "base flood" elevation.
- j. Increased Cost of Compliance for a garage or carport.
- k. Any structure insured under a NFIP Group Flood Insurance Policy.

FLOOD COVERAGE E – LOSS OF USE

If a "flood" loss covered by this "flood coverage endorsement" makes your "dwelling" where you reside unfit to live in, we will pay up to \$5,000 for Flood Coverage E – Loss of Use. This limit applies on an aggregate per loss basis for Additional Living Expense, Fair Rental Value and Civil Authority Prohibits Use.

Additional Living Expense

If a "flood" loss causes the "dwelling" to become uninhabitable, we will cover any necessary increase in living expenses you incur to maintain your normal household standard of living.

Payment will be for the shortest time required to repair or replace the damage or permanently settle your household elsewhere.

Fair Rental Value

If a "flood" loss causes that part of the "dwelling" rented to others or held for rental by you to become uninhabitable, we cover its fair rental value.

Payment will be for the shortest time required to repair or replace the part of the "dwelling" rented or held for rental. Fair rental value does not include any expenses that do not continue while that part of the "dwelling" rented or held for rental is uninhabitable.

Civil Authority Prohibits Use

If a civil authority prohibits your use of the "dwelling" as a result of direct damage to a neighboring premise by a "flood", we will cover, pursuant to the above provisions, any Additional Living Expense and Fair Rental Value losses that you incur. Coverage is for a period of no more than two weeks while use is prohibited.

Loss Not Covered

We do not cover loss due to cancellation of a lease or agreement.

PROPERTY NOT COVERED

We do not cover the following property under this "flood coverage endorsement":

1. Personal property not inside a fully enclosed "building";
2. A "building", and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982;
3. Open structures, including a "building" used as a boathouse or any structure or "building" into which boats are floated, and personal property located in, on, or over water;
4. Recreational vehicles whether affixed to a permanent foundation or on wheels;
5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:
 - a. Used mainly to service the "described location", or
 - b. Designed and used to assist handicapped persons, while the vehicles or machines are inside a "building" at the "described location".
6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals;
7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;
8. Underground structures and equipment, including wells, septic tanks, and septic systems;
9. Those portions of walks, walkways, decks, driveways, patios and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured "building";
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
11. "Buildings" and all their contents if more than 49% of the "actual cash value" of the "building" is below ground, unless the lowest level is at or above the "base flood" elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;
12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks;
13. Aircraft or watercraft, or their furnishings and equipment;
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;
15. Property not eligible for "flood" insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act and amendments to these acts;
16. Properties located in communities not participating in the NFIP or in the NFIP "Emergency Program".

EXCLUSIONS

With respect to the coverages provided by this endorsement, Section I - Exclusions is replaced with the following:

Earth Movement

We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by "flood". Some examples of earth movement that we do not cover are:

1. Earthquake;
2. Landslide;
3. Land subsidence;
4. Sinkholes;
5. Destabilization or movement of land that results from accumulation of water in subsurface land area; or
6. Gradual erosion.

Earth Movement Cont.	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 Definitions, “Flood”, a.(3) , and b.).
Economic Loss	We only pay for “direct physical loss by or from flood”, which means that we do not pay you for:
	<ol style="list-style-type: none"> 1. Loss of revenue or profits; 2. Loss of access to the insured property or “described location”; 3. Loss of use of the insured property or “described location”; 4. Any additional living expenses incurred while the insured “building” is being repaired or is unable to be occupied for any reason; or
	Exclusions 1. through 4. above will apply unless coverage is provided under Flood Coverage E – Loss of Use.
	<ol style="list-style-type: none"> 5. Loss from interruption of business or production; 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 we describe in Coverage D - Increased Cost of Compliance; 7. Any other economic loss you suffer.
“Flood” in Progress	We do not insure a loss directly or indirectly caused by a “flood” that is already in progress at the time and date:
	<ol style="list-style-type: none"> 1. The “flood coverage endorsement” term begins; or 2. Coverage is added at your request.
Pollutants	We do not pay for the testing or monitoring of “pollutants”, unless required by law or ordinance. If testing or monitoring of “pollutants” is required by law or ordinance, the cost of testing or monitoring will reduce the limit of Flood Coverage A - BUILDING PROPERTY coverage under the “flood coverage endorsement.”
Other Exclusions	We do not insure for direct physical loss caused directly or indirectly by any of the following:
	<ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> a. Substantially confined to the “dwelling”; or b. That is within your control, including but not limited to: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> a. Backs up through sewers or drains; b. Discharges or overflows from a sump, sump pump, or related equipment; or c. Seeps or leaks on or through the covered property; <p>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;</p> 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;

**Other Exclusions
Cont.**

7. Power, heating, or cooling failure unless the failure results from "direct physical loss by or from flood" to power, heating, or cooling equipment on the "described location";
8. Theft, fire, explosion, wind, or windstorm;
9. Anything you or any member of your household do or conspire to do to cause loss by "flood" deliberately; or
10. Alteration of the insured property that significantly increases the risk of flooding.

CONDITIONS

The following Conditions are added:

**Conditions Suspending
or Restricting "Flood"
Insurance**

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

**Continuous Lake
Flooding**

1. If an 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" "flood coverage endorsement" limits plus the deductible or the maximum payable under the "flood coverage endorsement" 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 "flood coverage endorsement";
 - b. Not to seek renewal of this "flood coverage endorsement";
 - c. Not to apply for any "flood" insurance under the "Act" for property at the "described location"; and
 - d. Not to seek a premium refund for current or prior terms.

If the "flood coverage endorsement" term ends before the insured "building" has been flooded continuously for 90 days, the provisions of this Paragraph 1. will apply when the insured "building" suffers a covered loss before the "flood coverage endorsement" term ends.

2. If your insured "building" is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either Paragraph 1. above or 2. (A closed basin lake is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded 1 square mile at any time in the recorded past. Most of the nation's closed basin lakes are in the western half of the United States, where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions). Under this Paragraph 2. we will pay your claim as if the "building" is a total loss even though it has not been continuously inundated for 90 days, subject to the following conditions:
 - a. Lake "flood" waters must damage or imminently threaten to damage your "building".
 - b. Before approval of your claim, you must:
 - (1) Agree to a claim payment that reflects your buying back the salvage on a negotiated basis; and
 - (2) Grant the conservation easement described in FEMA's "Policy Guidance for Closed Basin Lakes," to be recorded in the office of the local recorder of deeds. FEMA, in consultation with the community in which the property is located, will identify on a map an area or areas of special consideration (ASC) in which there is a potential for "flood" damage from continuous lake flooding. FEMA will give the community the agreed-upon map showing the ASC. This easement will only apply to that portion of the property in the ASC. It will allow certain agricultural and recreational uses of the land. The only structures it will allow on any portion of the property within the ASC are certain simple

Continuous Lake Flooding Cont.

agricultural and recreational structures. If any of these allowable structures are insurable "buildings" under the NFIP and are insured under the NFIP, they will not be eligible for the benefits of this Paragraph 2. If a U.S. Army Corps of Engineers certified "flood" control project or otherwise certified "flood" control project later protects the property, FEMA will, upon request, amend the ASC to remove areas protected by those projects. The restrictions of the easement will then no longer apply to any portion of the property removed from the ASC; and

- (3)** Comply with Paragraphs 1.a. through 1.d. above.
- c.** Within 90 days of approval of your claim, you must move your "building" to a new location outside the ASC. FEMA will give you an additional 30 days to move if you show there is sufficient reason to extend the time.
- d.** Before the final payment of your claim, you must acquire an elevation certificate and a floodplain development permit from the local floodplain administrator for the new location of your "building".
- e.** Before the approval of your claim, the community having jurisdiction over your "building" must:
- (1)** Adopt a permanent land use ordinance or a temporary moratorium, for a period not to exceed 6 months, to be followed immediately by a permanent land use ordinance that is consistent with the provisions specified in the easement required in paragraph 2.b. above.
 - (2)** Agree to declare and report any violations of this ordinance to FEMA so that under Section 1316 of the "Act", as amended, "flood" insurance to the "building" can be denied; and
 - (3)** Agree to maintain as deed-restricted, for purposes compatible with open space or agricultural or recreational use only, any affected property the community acquires an interest in. These deed restrictions must be consistent with the provisions of paragraph 2.b. above, except that, even if a certified project protects the property, the land use restrictions continue to apply if the property was acquired under the Hazard Mitigation Grant Program or the Flood Mitigation Assistance Program. If a non-profit land trust organization receives the property as a donation, that organization must maintain the property as deed-restricted, consistent with the provisions of paragraph 2.b. above.
- f.** Before the approval of your claim, the affected state must take all action set forth in FEMA's "Policy Guidance for Closed Basin Lakes".
- g.** You must have "flood" insurance coverage continuously in effect from a date established by FEMA until you file a claim under paragraph 2. If a subsequent owner buys "flood" insurance that goes into effect within 60 days of the date of transfer of title, any gap in coverage during that 60-day period will not be a violation of this continuous coverage requirement. For the purpose of honoring a claim under this paragraph 2., we will not consider to be in effect any increased coverage that became effective after the date established by FEMA. The exception to this is any increased coverage in the amount suggested by us as an inflation adjustment.
- h.** This paragraph 2. will be in effect for a community when the FEMA Regional Administrator for the affected region provides to the community, in writing, the following:
- (1)** Confirmation that the community and the state are in compliance with the conditions in paragraphs 2.e. and 2.f. above; and
 - (2)** The date by which you must have "flood" insurance in effect.

Loss Settlement

Section I - Conditions - 3. Loss Settlement is replaced with the following:

Coverage under FLOOD COVERAGE A - BUILDING PROPERTY is settled at "replacement cost" without deduction for depreciation, but does not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in FLOOD COVERAGE D -

Loss Settlement Cont.

INCREASED COST of COMPLIANCE of this "flood coverage endorsement" subject to the following:

1. If, at the time of the flood 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, or is the maximum limit available under this "flood coverage endorsement", we will initially pay the actual cash value of the loss, less any applicable deductible. We will then pay any remaining amounts necessary to perform such repairs or replacement as work is performed and expenses are incurred, but not more than the least of the following amounts:
 - a. The FLOOD COVERAGE A - BUILDING PROPERTY limit of liability;
 - 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 to repair or replace the damaged building.

In the event of a total loss to the dwelling, we will pay the "replacement cost" without reservation or holdback of any depreciation in value subject to the limits of this "flood coverage endorsement". A dwelling would be considered a total loss if the COVERAGE A – DWELLING limit was expected to be exhausted.

2. If, at the time of the "flood" 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 "flood" loss, and less than the maximum limit available under this "flood coverage endorsement", we will pay the greater of the following amounts but not more than the maximum limit available under this "flood coverage endorsement" that applies to the building:
 - a. The actual cash value of that part of the building damaged; or
 - b. A proportion of the cost to repair or replace the damaged part of the building, without deduction for physical depreciation and after application of the deductible.

If 80% of the full "replacement cost" of the building is less than the maximum amount of insurance available under this "flood coverage endorsement", then the proportion is determined by dividing the actual amount of insurance on the building by the amount of insurance that represents 80% of its full "replacement cost". But if 80% of the full "replacement cost" of the building is greater than the maximum amount of insurance available under this "flood coverage endorsement", then the proportion is determined by dividing the actual amount of insurance on the building by the maximum amount of insurance available under this "flood coverage endorsement".

3. To determine the amount of insurance required to equal 80% of the full "replacement cost" of the building immediately before the "flood" loss, do not include the value of:
 - a. Excavations, footings, 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;
 - c. Underground flues, pipes, wiring and drains, and
 - d. The increased costs incurred to comply with the enforcement of any ordinance or law.

Coverage under FLOOD COVERAGE B – PERSONAL PROPERTY is settled based upon the loss settlement selected for Coverage C Personal Property under the homeowners policy.

Mediation or Appraisal

Section I - Conditions – 6. Mediation or Appraisal is replaced with the following:

1. **Mediation.** If there is a dispute with respect to a “flood” claim under this “flood coverage endorsement”, you or we may demand a mediation of the loss in accordance with the rules established by the Florida Department of Financial Services.
 - a. The loss amount must be \$500 or more, prior to application of the deductible; or there must be a difference of \$500 or more between the loss settlement amount we offer and the loss settlement amount that you request.
 - b. The settlement in the course of the mediation is binding only if:
 - (1) Both parties agree, in writing, on a settlement; and
 - (2) You have not rescinded the settlement within 3 business days after reaching settlement.
 - c. You may not rescind the settlement after cashing or depositing the settlement check or draft we provided to you.
 - d. 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 mediator’s fee for that rescheduled conference.
 - e. However, if we fail to appear at a mediation conference, we will pay:
 - (1) Your actual cash expenses incurred while attending the conference; and
 - (2) Also pay the mediator’s fee for the rescheduled conference.
2. **Appraisal.** If you and we fail to agree on the amount of loss, either may request an appraisal of the loss. However, both parties must agree to the appraisal. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the “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. A decision agreed to by any two will set the amount of the loss.

Each party will:

- a. Pay its own appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

Other Insurance

Section I – Conditions – 7. Other Insurance or Service Agreement is replaced with the following:

If a loss covered by this “flood coverage endorsement” is also covered by other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this “flood coverage endorsement” bears to the total amount of insurance covering the loss. If the other policy has a provision stating that it is excess insurance, this “flood coverage endorsement” will be primary.

Suit Against Us

Section I - Conditions - 8. Suit Against Us is replaced with the following:

No action can be brought against us for a “flood” insurance claim, unless:

- a. There has been full compliance with all of the terms of the homeowners policy and “flood coverage endorsement”; and
- b. The action is started within 1 year after the date of a written denial of all or part of a claim under this “flood coverage endorsement”.

Mortgage Clause

Section I – Conditions - 12. Mortgagee Clause is replaced with the following:

The word “mortgagee” includes trustee. If a mortgagee is named in this policy, any loss payable under Flood Coverage A 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. This notice includes notifying us of foreclosure or if a foreclosure has been initiated;
- 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. Paragraphs **b.** and **f.** of **2. Duties After Loss**, **6. Mediation or Appraisal**, **8. Suit Against Us** and **10. Loss Payment** under **Section I – Conditions** also apply to the mortgagee.

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

1. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
2. 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.

We provide coverage to no mortgagee or its representatives under this policy if, whether before or after a loss, a mortgagee or its representatives has:

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

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

Concealment or Fraud and Endorsement Voidance

Section I and II – Conditions - 2. Concealment or Fraud is replaced with the following:

1. With respect to any insureds covered under this “flood coverage endorsement”, this “flood coverage endorsement” is void and we will provide no coverage for loss under his “flood coverage endorsement” if, before or after a loss, any insured has:
 - a. Intentionally concealed or misrepresented any material fact or circumstance;
 - b. Engaged in fraudulent conduct; or
 - c. Made material false statements;
relating to this “flood coverage endorsement”.
2. This “flood coverage endorsement” will be void as of the date the wrongful acts described above were committed.
3. Fines, civil penalties, and imprisonment under applicable Florida laws may also apply to the acts of fraud or concealment described above.
4. We will not deny a claim based on credit information available in public records, whether disclosed or undisclosed, if the policy has been in effect for more than 90 days.

Cancellation

Section I and II – Conditions - 5. Cancellation – paragraphs b., c.(1), and c.(3)(b) are replaced with the following:

- b.** When you have not paid the premium, we may cancel the policy at any time by letting you know at least 45 days before the date of cancellation takes effect.
- c.** When the policy has been in effect for 90 days or less:
 - (1)** We may cancel with 45 days' notice if there has been:
 - (a)** A material misstatement or misrepresentation; or
 - (b)** Failure to comply with underwriting requirements;
and your residential structure has not been insured by us for at least a 5 year period immediately prior to the date of the written notice.
 - (3) (b)** At least 45 days before the date the cancellation takes effect in all other cases.

All other conditions and provisions of the homeowners policy apply.