

14583

IN THE COUNTY COURT OF THE JUDICIAL
CIRCUIT, IN AND FOR MIAMI-DADE
COUNTY, FLORIDA,

CASE NO.: 14-18013 CC 23

PAULE VILLARD,

Plaintiff,

vs.

SOUTHERN FIDELITY INSURANCE
COMPANY,

Defendant.

**DEFENDANT'S MOTION TO DISMISS FOR
FAILURE TO JOIN AN INDISPENSABLE PARTY**

COMES NOW, Defendant, SOUTHERN FIDELITY INSURANCE COMPANY, by and through undersigned counsel, and moves to dismiss the Complaint for failure to join an indispensable party and as grounds states as follows:

1. The Plaintiff, PAULE VILLARD, has filed a Complaint arising from an alleged property loss purportedly covered under an insurance policy issued by Defendant.

2. Defendant insured the property, located at 16821 NE 8th Avenue, North Miami Beach, FL 33162, under insurance number SLS 12154130609 ("the policy"), which identifies the Plaintiff, PAULE VILLARD, as a named insured. A certified copy of the policy is attached and incorporated hereto as *Exhibit "A."*

3. However, the property is owned by an individual named ARTHUR VILLARD, who is not listed as an insured under the policy. A copy of the Deed is attached hereto as *Exhibit "B"*.

4. As the owner of the insured property, ARTHUR VILLARD would have an insurance interest under the policy and would thereby qualify as an indispensable party.

5. An "indispensable party" is one whose interest in the subject matter of the action is such that if not joined, complete and efficient determination of the equities and rights and liabilities of the other parties is not possible. Kephart v. Pickens, 271 So.2d 163 (Fla. 4th DCA 1972) *certiorari denied* 276 So. 2d 168.

6. Accordingly, the Plaintiff has failed to join an indispensable party in this action, as the owner of the insured property has an interest in the subject matter of the litigation and the enforcement of the policy.

7. Mr. VILLARD's status as an owner of the property makes him an indispensable party without whom this action cannot be maintained.

WHEREFORE, Defendant, SOUTHERN FIDELITY INSURANCE COMPANY, requests this Court enter an Order dismissing the Complaint for failure to join an indispensable party, and for such other relief as the Court deems just and proper.

CERTIFICATE OF SERVICE

WE HEREBY CERTIFY that a true and correct copy of the foregoing has been sent via electronic mail to: **Faith Everett, Esquire** at service@restorationlaw.com , this 4th day of June, 2014.

GROELLE & SALMON, P.A.

Attorneys for Defendant

290 NW 165th Street,

Suite M-500

Miami, FL 33169

(786) 629-3260

(786) 629-3261 Facsimile

By: 

CHRISTOPHER CHOQUETTE ESQ.

Fla. Bar No. 68475

Policy Number	Policy Period	
	From	To
SLS 1215413 06 09	04/14/2013	04/14/2014
12:01 A.M. Standard Time at the described location		

TOTAL WIND MITIGATION CREDITS

ROOF COVER	N/A
ROOF DECK	N/A
ROOF SHAPE	N/A
ROOF WALL	N/A
OPEN PROTECTION	N/A
SWR	N/A
TERRAIN	N/A
FBC WIND SPEED MPH	N/A
WIND SPEED OF DESIGN	N/A
INTERNAL PRESSURE	N/A
WBDR	N/A

FORMS SCHEDULE

(continued from page 1)

SFHFLH3 (08/02)	*SFHFLIT (08/08)	SFHFLMC3 (04/05)	SFHFLME (04/05)	SFHFLPC (04/05)
SFHFLPN (04/05)	SFHFLRL3 (04/09)	*SFHFLSL (12/12)	*SFICFLCPT (01/12)	

LAW AND ORDINANCE COVERAGE IS AN IMPORTANT COVERAGE THAT YOU MAY WISH TO PURCHASE. YOU MAY ALSO NEED TO CONSIDER THE PURCHASE OF FLOOD INSURANCE FROM THE NATIONAL FLOOD INSURANCE PROGRAM. WITHOUT THIS COVERAGE, YOU MAY HAVE UNCOVERED LOSSES. PLEASE DISCUSS THESE COVERAGES WITH YOUR INSURANCE AGENT.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS – FLORIDA

DEFINITIONS

The following definitions are added:

"Principal Building"

"Principal Building" means the stand-alone structure and its foundation covered under this policy on the "residence premises" under **COVERAGE A - Dwelling** that you reside in, hold for rental, or is your insurance responsibility under a corporation or association of property owners' agreement. The "principal building" includes structures that are part of the "principal building's" foundation or are under the "principal building's" roofline. The "principal building" does not extend to appurtenant structures or any structures that are attached to the livable square footage of the "principal" building, including, but not limited to, patios, walkways, sidewalks, fences, screen enclosures, pavement, decks, porches, lanais, driveways, carports, pools, spas, and gazebos, unless part of the "principal building's" foundation or under the "principal building's" roofline.

"Structural Damage"

1. "Structural damage" means that the "principal building", regardless of the date of its construction, has experienced the following:
 - a. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
 - b. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceeds one and one-third of the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
 - c. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical "primary structural members" to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;

- d. Damage that results in the building, or any portion of the building containing "primary structural members" or "primary structural systems," being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
- e. Damage occurring on or after October 15, 2005, that qualifies as "substantial structural damage" as defined in the Florida Building Code.

"Primary structural member" means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.

"Primary structural system" means an assemblage of "primary structural members".

Under **B. Definitions**, Paragraph **8.** is replaced by the following:

8. "Occurrence"

"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".

All "bodily injury" or "property damage" that is attributable directly or indirectly to one cause or to one series of similar causes will be added together and the total amount of such losses will be treated as one "occurrence" irrespective of the period of time or area over which such losses occur.

The following definitions are added to **B.**:

16. "Catastrophic Ground Cover Collapse"

"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", other than settling or cracking, to the "principal building" insured under Coverage **A**, including the foundation; and
- d. The "principal building" being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that building.

"Catastrophic Ground Cover Collapse" coverage is restricted to the "principal building" insured under Coverage **A** pursuant to Florida Statute 627.706(1)(c) and does not extend to appurtenant structures or any structures that are attached to the livable square footage of the "principal building", including, but not limited to, patios, walkways, sidewalks, fences, screen enclosures, pavement, decks, porches, lanais, driveways, carports, pools, spas, and gazebos, other than those structures that are part of the "principal building's" foundation or are under the "principal building's" roofline. Contents coverage and Additional Living Expense coverage apply only if there is "structural damage" to the "principal building" caused by "catastrophic ground cover collapse".

If the "principal building" suffers a "catastrophic ground cover collapse", you must repair such damage or loss in accordance with our "professional engineer's" recommended repairs. If our "professional engineer" determines that the repair cannot be completed within the policy limits, we must pay to complete the repairs recommended by our "professional engineer" or tender the policy limits to you.

This is Definition 17, in Form SFH FL H6.

17. "Hurricane Occurrence"

"Hurricane Occurrence" is defined as beginning at the time a hurricane watch or warning is issued for any part of Florida by the National Hurricane Center of the National Weather Service, continues for the time period during which the hurricane conditions exist anywhere in Florida, and ending 72 hours following the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the National Hurricane Center of the National Weather Service.

This is Definition 18, in Form SFH FL H6.

SECTION I – PROPERTY COVERAGES

Under Coverage A – Dwelling and Coverage B – Other Structures

The following is added:

Special Limits of Liability:

Cosmetic and Aesthetic Damage to Floors.

The total limit of liability for Coverages A and B combined is \$10,000 per policy term for cosmetic and aesthetic damages to floors.

1. Cosmetic or aesthetic damage includes, but is not limited to, chips, scratches, dents or any other damage to less than 5% of the total floor surface area and does not prevent typical use of the floor.
2. This limit includes the cost of tearing out and replacing any part of the building necessary to repair the damaged flooring.
3. This limit does not increase the Coverage A or Coverage B limits of liability shown on the declaration page.
4. This limit does not apply to cosmetic or aesthetic damage to floors caused by a Peril Insured Against named and described for Coverage C – Personal Property.

(This is added under Coverage A – Dwelling in Form SFH FL H6 and applies only to Coverage A. This item does not apply to Form SFH FL H4.)

SECTION I – PERILS INSURED AGAINST

In Form SFH FL H3:

For Coverage C, the following peril is added:

17. "Catastrophic Ground Cover Collapse".

In Forms SFH FL H4, and SFH FL H6 the following peril is added:

17. "Catastrophic Ground Cover Collapse".

In Form SFH FL H2, Peril 18 is replaced by the following:

18. "Catastrophic Ground Cover Collapse".

In Form SFH FL H3, Paragraph A.(7) is replaced by the following:

A.(7) We do not cover loss to any part of the building interior caused by rain, snow, sleet, sand or dust, unless the direct force of a Peril Insured Against damages the building, causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

In Form SFH FL H2, Peril 17. is replaced by the following:

17. Constant Or Repeated Seepage Or Leakage Of Water.

Constant Or Repeated Seepage Or Leakage Of Water means the constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds".

In Forms SFH FL H2 and SFH FL H6, the following Provision is added to Section I – PERILS INSURED AGAINST:

We do not cover loss to any part of the building interior caused by rain, snow, sleet, sand or dust, unless the direct force of a Peril Insured Against damages the building, causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

SECTION I – EXCLUSIONS

Paragraph 2. is replaced by the following:

2. Earth Movement

"Earth movement" means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion (2.) does not apply to loss by:

- (i) Theft; or
- (ii) "Catastrophic Ground Cover Collapse".

In Form SFH FL H6, Exclusion 11.a. and b. are deleted and replaced by the following:

11. Constant Or Repeated Seepage Or Leakage Of Water

Constant Or Repeated Seepage Or Leakage Of Water means the constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds".

SECTION I – CONDITIONS

Under **B. Duties After Loss**, Paragraph 7. is replaced by the following:

7. As often as we reasonably require:

- a. Show "us" the property;
- b. Provide "us" with the records and documents we request and permit "us" to make copies;
- c. Any and all "insureds" must submit to recorded statements when requested by "us";
- d. In the county where the "residence premises" is located "you", "your" agents, "your" representatives and any and all "insureds" must submit to examinations under oath and sign same when requested by "us".
- e. Permit "us" to take samples of damaged property for inspection, testing and analysis; and
- f. Any and all "insureds" must execute all authorizations for the release of information when requested by "us".

Under **B. Duties After Loss**, Paragraphs 9. and 10. are added:

9. A claim, supplemental claim, or reopened claim, under an insurance policy that provides property insurance, as defined in Florida Statute 624.604, for loss or damage caused by the peril of windstorm or hurricane, is barred unless notice of the claim, supplemental claim, or reopened claim was given to us in accordance with the terms of the policy within 3 years after the hurricane first made landfall or the windstorm caused the covered damage. For purposes of this section, the term supplemental claim or reopened claim means any additional claim for recovery from us for losses from the same hurricane or windstorm for which we have previously adjusted pursuant to the initial claim.

10. A company employee adjuster, independent adjuster, attorney, investigator, or other persons acting on behalf of us that needs access to an "insured" or claimant or the property insured under this policy that is the subject of a claim must provide at least 48 hours' notice to the "insured" or claimant, public adjuster or legal representative, before scheduling a meeting with the claimant or for an onsite inspection of the property. The "insured" or claimant may deny access to the property if the notice has not been provided. The "insured" or the claimant may waive the 48-hour notice.

A public adjuster must ensure prompt notice of property loss claims submitted to us by or through a public adjuster or on which a public adjuster represents the "insured" at the time the claim or notice of

loss is submitted to us. The public adjuster must ensure that notice is given to us, the public adjuster's contract is provided to us, the property is available for inspection of the loss or damage by us, and we are given an opportunity to interview the "insured" directly about the loss and claim. We must be allowed to obtain necessary information to investigate and respond to the claim.

We may not exclude the public adjuster from its in-person meetings with the "insured". We shall meet or communicate with the public adjuster in an effort to reach agreement as to the scope of the covered loss under the policy. This section does not impair the terms and conditions of the policy in effect at the time the claim is filed. A public adjuster may not restrict or prevent us, company employee adjuster, independent adjuster, attorney, investigator, or other person acting on behalf of us from having reasonable access at reasonable times to the "insured" or claimant or to the insured property, that is the subject of a claim.

A public adjuster may not act or fail to reasonably act in any manner that obstructs or prevents us or our adjuster from timely conducting an inspection of any part of the insured property for which there is a claim for loss or damage. The public adjuster representing the "insured" may be present for our inspection, but if the unavailability of the public adjuster otherwise delays our timely inspection of the property, the public adjuster or the "insured" must allow us to have access to the property without the participation or presence of the public adjuster or "insured", in order to facilitate our prompt inspection of the loss or damage.

C. Loss Settlement

In Forms **SFH FL H2** and **SFH FL H3**, Paragraph **C.2.d.** is replaced by the following:

- d.** We will initially pay at least the actual cash value of the insured loss, less any applicable deductible. We will then pay any remaining amounts necessary to perform covered repairs as work is performed and expenses are incurred, subject to **C.2.a.** and **C.2.b.** If a covered total loss of the building occurs, we will pay the policy limits applicable to the loss without reservation or holdback of any depreciation in value, pursuant to Florida Statute, Section 627.702.

In Form **SFH FL H6**, Paragraph **C.2.** is replaced by the following:

- 2.** Coverage **A** – Dwelling, at the actual cost to repair or replace.

In this provision, the terms "repair" and "replace" do 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 the policy.

E. Appraisal is replaced by the following:

E. Mediation

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

Demand a mediation of the loss in accordance with the rules established by the Florida Department of Financial Services. 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.

The settlement in the course of the mediation is binding only if both parties agree, in writing, on a settlement and you have not rescinded the settlement within three business days after reaching settlement.

You may not rescind the settlement after cashing or depositing the settlement check or draft we provided to 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 total cost for that rescheduled conference.

However, if we fail to appear at a mediation conference without good cause, we will pay your actual cash expenses you incur in attending the conference and also pay the mediator's fee for the rescheduled conference.

G. Suit Against Us is replaced by the following:

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within five years after the date of loss.

H. Our Option is replaced by the following:

H. Our Option

1. If 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; or
2. If damaged covered Personal Property is insured at replacement cost without holdback, we will pay at replacement cost without reservation or holdback of any depreciation in value.

I. Loss Payment is replaced by the following:

I. 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 upon the earliest of the following:

1. 20 days after we receive your proof of loss and reach written agreement with you;
2. 60 days after we receive your proof of loss and:

- a. There is an entry of a final judgment; or
- b. There is a filing of a mediation settlement with us; or
- 3. If payment is not denied, within ninety (90) days after we received notice of an initial, reopened or supplemental claim. However, this provision, **I.3.**, does not apply if factors beyond our control reasonably prevent such payment.

Our failure to comply with this paragraph shall not form the sole basis for an action against us for breach of contract under this policy or for benefits under this policy.

Q. Concealment Or Fraud is replaced by the following:

Q. Concealment Or Fraud

We do not provide coverage for a person insured under this policy who, whether before or after a loss 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.

(This is Condition **P.** in Form **SFH FL H4.**)

SECTION II – EXCLUSIONS

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Paragraph **8. Controlled Substances** is replaced by the following:

8. Controlled Substances

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance 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.

SECTION II – CONDITIONS

A. Limit Of Liability is replaced by the following:

A. Limit Of Liability

- 1. 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.

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".

All "bodily injury" or "property damage" that is attributable directly or indirectly to one cause or to one series of similar causes will be added together and the total amount of such losses will be treated as one "occurrence" irrespective of the period of time or area over which such losses occur.

2. Sub-limit Of Liability

Subject to Paragraph 1. above, our total liability under Coverage E for damages for which an "insured" is legally liable because of statutorily imposed vicarious parental liability not otherwise excluded is \$10,000.

This sub-limit is within, but does not increase the Coverage E limit of liability.

3. The limit of liability in 1. above and sub-limit in 2. above apply regardless of the number of "insureds", claims made or persons injured.
4. 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.

C. Duties After "Occurrence", the first Paragraph is replaced by the following:

In case of an "occurrence", "you", "your" agents, "your" representatives and any and all "insureds" will perform the following duties that apply. We have no duty to provide coverage under this policy if "your" failure to comply with the following duties is prejudicial to us. "You" will help us by seeing that these duties are performed:

C. Duties After "Occurrence", Paragraph C.7. is added:

7. A company employee adjuster, independent adjuster, attorney, investigator, or other persons acting on behalf of us that needs access to an "insured" or claimant or the property insured under this policy that is the subject of a claim must provide at least 48 hours' notice to the "insured" or claimant, public adjuster or legal representative, before scheduling a meeting with the claimant or for an onsite inspection of the property. The "insured" or claimant may deny access to the property if the notice has not been provided. The "insured" or the claimant may waive the 48-hour notice.

A public adjuster must ensure prompt notice of property loss claims submitted to us by or through a public adjuster or on which a public adjuster represents the "insured" at the time the claim or notice of loss is submitted to us. The public adjuster must ensure that notice is given to us, the public adjuster's contract is provided to us, the property is available for inspection of the loss or damage by us, and we are given an opportunity to interview the "insured" directly about the loss and claim. We must be allowed to obtain necessary information to investigate and respond to the claim.

We may not exclude the public adjuster from its in-person meetings with the "insured". We shall meet or communicate with the public adjuster in an effort to reach agreement as to the scope of the covered loss under the policy. This section does not impair the terms and conditions of the policy in effect at the time the claim is filed. A public adjuster may not restrict or prevent us, company employee adjuster, independent adjuster, attorney, investigator, or other person acting on behalf of us from having reasonable access at reasonable times to the "insured" or claimant or to the insured property, that is the subject of a claim.

A public adjuster may not act or fail to reasonably act in any manner that obstructs or prevents us or our adjuster from timely conducting an inspection of any part of the insured property for which there is a claim for loss or damage. The public adjuster representing the "insured" may be present for our inspection, but if the unavailability of the public adjuster otherwise delays our timely inspection of the property, the public adjuster or the "insured" must allow us to have access to the property without the participation or presence of the public adjuster or "insured", in order to facilitate our prompt inspection of the loss or damage.

J. Concealment Or Fraud is replaced by the following:

J. Concealment Or Fraud

We do not provide coverage for a person insured under this policy who, whether before or after a loss 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.

SECTIONS I AND II – CONDITIONS

C. Cancellation is replaced by the following:

C. Cancellation

1. 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.
2. If a state of emergency is declared by the Governor and the Commissioner of Insurance Regulation files an Emergency Order, and the "residence premises" has been damaged as a result of a hurricane or wind loss that is the subject of the declared emergency, we may cancel this policy only for the following reasons, with respect to the period beginning from the date the state of emergency is declared to the expiration of 90 days following the repairs to the dwelling or other structure located on the "residence premises", by letting you know in writing of the date cancellation takes

effect. This cancellation notice may 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.

a. When you have not paid the premium, we may cancel during this period by letting you know at least 10 days before the date cancellation takes effect.

b. If:

(1) There has been a material misstatement or fraud related to the claim;

(2) We determine that you have unreasonably caused a delay in the repair of the dwelling or other structure; or

(3) We have paid policy limits;

we may cancel during this period by letting you know at least 45 days before the date cancellation takes effect.

c. We shall be entitled to collect any additional premium required to keep the policy in effect during this period.

However, this provision (C.2.c.) does not apply if you have obtained replacement coverage with respect to the damaged property, and the coverage is in effect for a claim occurring during the duration of the extension.

3. If the conditions described in Paragraph C.2. do not apply, we may cancel only for the following reasons:

a. When this policy has been in effect for 90 days or less, we may cancel immediately if:

(1) there has been a material misstatement or misrepresentation or failure to comply with underwriting requirements; and

(2) The "residence premises" has not been insured by us or any of our affiliated insurers for at least five years immediately prior to the date of the written notice.

b. 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 a single claim which is the result of water damage, 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.

Except as provided in Paragraphs **C.3.a.**, and **C.3.b.(1)**, of this provision, we will let you know of our action at least:

- (a) 120 days before the cancellation takes effect if the "residence premises" has been insured by us or any of our affiliated insurers for at least five years immediately prior to the date of the written notice; or
 - (b) 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 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 a single claim which is the result of water damage, if 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.

We will provide the following notice:

- (a) If the date of cancellation becomes effective on or after December 1 and before June 1, we will let you know at least 100 days before the date cancellation takes effect; or
- (b) If the date of cancellation becomes effective on or after June 1 and before December 1, we will let you know:
 - (i) At least 100 days before the date cancellation takes effect; or
 - (ii) By June 1;whichever is earlier; or
- (c) If the "residence premises" has been insured by us or any of our affiliated insurers for at least five years immediately prior to the date of the written notice, we will let you know at least 120 days before the expiration date of this policy.

If more than one notice requirement applies, we will provide the broadest notice.

4. If the date of cancellation becomes effective during a "hurricane occurrence":
 - a. The date of cancellation will not become effective until the end of the "hurricane occurrence"; and
 - b. We shall be entitled to collect additional premium for the period beyond the original date of cancellation for which the policy remains in effect.

However, this provision **(C.4.)** does not apply if you have obtained replacement coverage with respect to the damaged property, and the coverage is in effect for a claim occurring during the duration of the "hurricane occurrence".

5. When this policy is cancelled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
6. 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 15 days after the date cancellation takes effect.

D. Nonrenewal is replaced by the following:

D. Nonrenewal

1. We may elect not to renew this policy. 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. Proof of mailing will be sufficient proof of notice:
 - a. If a state of emergency is declared by the Governor and the Commissioner of Insurance Regulation files an Emergency Order, and the "residence premises" has been damaged as a result of a hurricane or wind loss that is the subject of the declared emergency, then, during the period beginning from the date the state of emergency is declared to the expiration of 90 days following the repairs to the dwelling or other structure located on the "residence premises", we may elect not to renew this policy only if:
 - (1) You have not paid the renewal premium;
 - (2) There has been a material misstatement or fraud related to the claim;
 - (3) We determine that you have unreasonably caused a delay in the repair of the dwelling or other structure; or
 - (4) We have paid policy limits.

We may do so by letting you know at least 45 days before the expiration date of the policy.

- b. We shall be entitled to collect any additional premium required to keep the policy in effect during this period.

However, this provision **(D.1.b.)** does not apply if you have obtained replacement coverage with respect to the damaged property, and the coverage is in effect for a claim occurring during the duration of the extension.

- c. If the conditions described in Paragraph **1.a.** do not apply, we may elect not to renew this policy by providing the following notice before the expiration date of this policy:

- (1) If the "residence premises" has been insured by us or any of our affiliated insurers for at least five years immediately prior to the date of the written notice, we will let you know at least 120 days before the expiration date of this policy;
- (2) If we elect not to renew this policy due to a revision in coverage for sinkhole loss or "catastrophic ground cover collapse", we will let you know at least 100 days before the expiration date of this policy;
- (3) If:
 - (a) The date of nonrenewal becomes effective on or after December 1 and before June 1, we will let you know at least 100 days before the expiration date of this policy; or
 - (b) The date of nonrenewal becomes effective on or after June 1 and before December 1, we will let you know:
 - i. At least 100 days before the expiration date of this policy; or
 - ii. By June 1;whichever is earlier.

If more than one notice requirement applies, we will provide the broadest notice.

2. 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;
 - b. On the basis of a single claim which is the result of water damage, 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; or
 - c. On the basis of filing of claims for "sinkhole loss", 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 elect not to renew this policy if:
 - (1) The total of such property claim payments for this policy equal or exceed the policy limits of coverage in effect on the date of loss, for property damage to the covered building as set forth on the declarations page; or
 - (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.
3. If the date of nonrenewal becomes effective during a "hurricane occurrence":
 - a. The expiration date of this policy will not become effective until the end of the "hurricane occurrence"; and
 - b. We shall be entitled to collect additional premium for the period the policy remains in effect.

However, this provision (D.3.) does not apply if you have obtained replacement coverage with respect to the damaged property, and the coverage is in effect for a claim occurring during the duration of the "hurricane occurrence".

F. Subrogation

The following sentence is added to the first paragraph of this condition in Form **SFH FL H6**:

However, we waive any rights of recovery against the corporation or association of property owners of the condominium where the "residence premises" is located.

The following Condition is added:

H. Renewal Notification

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

1. Of our decision to renew this policy;
2. Written notice of any change in policy terms; and
3. 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. Receipt of the premium payment for the renewal policy by us is deemed to be acceptance of any new policy terms by you.

(This is added as Condition **I** in **SFH FL H3**.)

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL EXCLUSION

1. We do not insure for loss caused directly or indirectly by:

- a. The peril of windstorm or hail; or
- b. The peril of windstorm during a hurricane.

Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

2. Direct loss by fire or explosion resulting from the peril of windstorm or hail, including the peril of windstorm during a hurricane, is covered.

3. Hurricane Described

- a. A hurricane means a storm system that has been declared to be a hurricane by the

National Hurricane Center of the National Weather Service.

b. A hurricane occurrence:

(1) Begins at the time a hurricane watch or warning is issued for any part of Florida by the National Hurricane Center of the National Weather Service; and

(2) Ends 72 hours following the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the National Hurricane Center of the National Weather Service.

All other provisions of this policy apply.

THIS ENDORSEMENT DOES NOT CONSTITUTE A REDUCTION OF COVERAGE.

**NO SECTION II – LIABILITY COVERAGES FOR
HOME DAY CARE BUSINESS LIMITED SECTION I –
PROPERTY COVERAGES FOR HOME DAY CARE BUSINESS**

A. "Business", as defined in the policy, means:

1. A trade, profession or occupation engaged in on a full-time, part-time, or occasional basis; or
2. Any other activity engaged in for money or other compensation, except the following:
 - a. One or more activities:
 - (1) Not described in b. through d. below; and
 - (2) For which no "insured" receives more than \$2000 in total compensation for the 12 months before the beginning of the policy period;
 - b. Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - c. Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or
 - d. The rendering of home day care services to a relative of an "insured".

B. If an "insured" regularly provides home day care services to a person or persons other than "insureds" as their trade, profession or occupation, that service is a "business".

C. If home day care service is not a given "insured's" trade, profession or occupation but is an activity:

1. That an "insured" engages in for money or other compensation; and
2. From which an "insured" receives more than \$2,000 in total/combined compensation from it and any other activity for the 12 months before the beginning of the policy period;

the home day care service and other activity will be considered a "business".

D. With respect to **C.** above, home day care service is only an example of an activity engaged in for money that may be a "business". Any single activity or combination of activities:

1. Described in **A.2.** above, and
2. Engaged in for money by a single "insured"; may be considered a "business" if the \$2000 threshold is exceeded.

E. With respect to **A.** through **D.** above, coverage does not apply to or is limited with respect to home day care service which is a "business". For example, this policy:

1. Does not provide:
 - a. Section II coverages. This is because a "business" of an "insured" is excluded under **E.2.** of Section II - Exclusions;
 - b. Coverage, under Section I, for other structures from which any "business" is conducted; and
2. Limits Section I coverage, under Coverage C - Special Limits of Liability, for "business" property:
 - a. On the "residence premises" for the home day care "business" to \$2,500. This is because Category **h.** (e. in Form **HO 00 08**) imposes that limit on "business" property on the "residence premises";
 - b. Away from the "residence premises" for the home day care "business" to \$500. This is because Category **i.** (f. in Form **HO 00 08**) imposes that limit on "business" property away from the "residence premises". Category **i.** does not apply to property described in Categories **j.** and **k.** (g. and h. respectively in Form **HO 00 08**).

Notice of Premium Discounts for Hurricane Loss Mitigation
***** Important Information *****
About Your Personal Residential Insurance Policy

02/25/2013

Dear Homeowner,

Hurricanes have caused tens of billions of dollars in insured damages and predictions of more catastrophic hurricanes making landfall in Florida have triggered increases in insurance premiums to cover potential future losses. Enclosed is information regarding wind loss mitigation that will make your home more resistant to wind and help protect your family during a catastrophic event. In addition to reducing your hurricane wind premium by installing mitigation features, you may also reduce the likelihood of out of pocket expenses, such as your hurricane deductible, you may otherwise incur after a catastrophic event.

Sincerely,

James Graganella

What factors are considered in establishing my premium?

Your location: The closer a home is to the coast, the more vulnerable it is to damage caused by hurricane winds. This makes the hurricane-wind premium higher than for similar homes in other areas of the state.

Your policy: Your insurance policy is divided into two premiums: one for damage caused by hurricane force winds (hurricane-wind) and one for all other damage (all perils), such as fire.

Your deductible: Under the law, you are allowed to choose a \$500, 2%, 5% or 10% deductible depending on the actual value of your home. The larger your deductible, the lower your hurricane-wind premium. However, if you select a higher deductible your out-of-pocket expenses in the event of a hurricane claim will be higher.

Improvements to your home: The state requires insurance companies to offer discounts for protecting your home against damage caused by hurricane winds. Securing your roof so it doesn't blow off and protecting your windows from flying debris are the two most cost effective measures you can take to safeguard your home and reduce your hurricane-wind premium. These discounts apply only to the hurricane-wind portion of your policy.

Your maximum discount: Discounts are not calculated cumulatively. The total discount is not the sum of the individual discounts. Instead, when one discount is applied, other discounts are reduced until you reach your maximum discount of 89 %.

How can I take advantage of the discounts?

Homeowners will need a qualified inspector such as a general, building, or residential contractor licensed under Section 489.111, Florida Statutes, or a professional engineer licensed under Section 471.015, Florida Statutes, who has passed the appropriate equivalency test of the Building Code training program as required by Section 553.841, Florida Statutes, or a professional architect licensed under Section 481.213, Florida Statutes, or a building code inspector certified under Section 468.607, to inspect the home to identify potential mitigation measures and verify improvements. For a listing of individuals and/or inspection companies meeting these qualifications contact your insurance agent or insurance company.

The following is an example of how much you can reduce your insurance premium if you have mitigating features on your home. The example is based on your hurricane-wind premium* of N/A which is part of your total annual premium of \$3,315.00 . Remember, the discounts shown only apply to the hurricane-wind portion of the premium and the discounts for the construction techniques and features listed below are not cumulative.

*** Wind mitigation credits apply to that portion of your premium that covers the peril of wind, whether or not a hurricane exists.**

Homes built prior to the 2001 building code

Description of Feature	Estimated* Premium Discount Percent	Estimated* Annual Premium (\$) is <u>Reduced</u> by:
<p><u>Roof Covering (i.e., shingles or tiles)</u></p> <ul style="list-style-type: none"> - Meets the Florida Building Code. - Reinforced Concrete Roof Deck. (If this feature is installed on your home you most likely will not qualify for any other discount.) 	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>
<p><u>How Your Roof is Attached</u></p> <ul style="list-style-type: none"> - Using a 2" nail spaced at 6" from the edge of the plywood and 12" in the field of the plywood. - Using a 2 1/2" nail spaced at 6" from the edge of the plywood and 12" in the field of the plywood. - Using a 2 1/2" nail spaced at 6" from the edge of the plywood and 6" in the field of the plywood. 	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>

<p><u>Roof-to-Wall Connection</u></p> <ul style="list-style-type: none"> • Using "Toe Nails" - defined as three nails driven at an angle through the rafter and into the top roof. • Using Clips - defined as pieces of metal that are nailed into the side of the rafter/truss and into the side of the top plate or wall stud. • Using Single Wraps - a single strap that is attached to the side and/or bottom of the top plate and are nailed to the rafter/truss. • Using Double Wraps - straps are attached to the side and/or bottom of the top plate and are nailed to the rafter/truss. 	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p> <p>N/A</p>
<p><u>Roof Shape</u></p> <ul style="list-style-type: none"> • Hip Roof – defined as your roof sloping down to meet all your outside walls (like a pyramid). • Other. 	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>
<p><u>Secondary Water Resistance (SWR)</u></p> <ul style="list-style-type: none"> • SWR - defined as a layer of protection between the shingles and the plywood underneath that protects the building if the shingles blow off. • No SWR. 	<p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p>
<p><u>Shutters</u></p> <ul style="list-style-type: none"> • None. • Intermediate Type - shutters that are strong enough to meet half the old Miami-Dade building code standards. • Hurricane Protection Type - shutters that are strong enough to meet the current Miami-Dade building code standards. 	<p>N/A</p> <p>N/A</p> <p>N/A</p>	<p>N/A</p> <p>N/A</p> <p>N/A</p>

*Estimate is based on information currently on file and the actual amount may vary.

Homes built under the 2001 building code or later

Description of Feature	Estimated* Premium Discount Percent	Estimated* Annual Premium (\$) is <u>Reduced</u> by:
Homes built under the 2001 Florida Building Code or later edition (also including the 1994 South Florida Building Code for homes in Miami-Dade and Broward Counties) are eligible for a minimum 68% discount on the hurricane-wind portion of your premium. You may be eligible for greater discount if other mitigation features are installed on your home.	N/A	
<u>Shutters</u> <ul style="list-style-type: none"> - None. - Intermediate Type - shutters that are strong enough to meet half the old Miami-Dade building code standards. - Hurricane Protection Type - shutters that are strong enough to meet the current Miami-Dade building code standards. 	N/A N/A N/A	N/A N/A N/A
<u>Roof Shape</u> <ul style="list-style-type: none"> - Hip Roof - defined as your roof sloping down to meet all your outside walls (like a pyramid). - Other. 	N/A N/A	N/A N/A

* Estimate is based on information currently on file and the actual amount may vary.

Alternately and regardless of the year of construction, if you meet the minimum fixture and construction requirements of the 2001 Florida Building Code, you have the option to reduce your hurricane-wind deductible from _____ to \$500.00 .

If you have further questions about the construction techniques and features or other construction techniques and features that could result in a discount, please contact your insurance agent or the insurance company at 1-866-874-7342 .

Checklist of Coverage

Policy Type: Homeowner's

(Indicate: Homeowner's, Condominium Unit Owner's, Tenant's, Dwelling, or Mobile Home Owner's)

The following checklist is for informational purposes only. Florida law prohibits this checklist from changing any of the provisions of the insurance contract which is the subject of this checklist. Any endorsement regarding changes in types of coverage, exclusions, limitations, reductions, deductibles, coinsurance, renewal provisions, cancellation provisions, surcharges, or credits will be sent separately.

Reviewing this checklist together with your policy can help you gain a better understanding of your policy's actual coverages and limitations, and may even generate questions. By addressing any questions now, you will be more prepared later in the event of a claim. Experience has shown that many questions tend to arise regarding the coverage of attached or detached screened pool enclosures, screened porches, and other types of enclosures. Likewise, if your policy insures a condominium unit, questions may arise regarding the coverage of certain items, such as individual heating and air conditioning units; individual water heaters; floor, wall, and ceiling coverings; built-in cabinets and counter tops; appliances; window treatments and hardware; and electrical fixtures. A clear understanding of your policy's coverages and limitations will reduce confusion that may arise during claims settlement.

Please refer to the policy for details and any exceptions to the coverages listed in this checklist. All coverages are subject to the provisions and conditions of the policy and any endorsements. If you have questions regarding your policy, please contact your agent or company. Consumer assistance is available from the Department of Financial Services, Division of Consumer Services' Helpline at (800) 342-2762 or www.fldfs.com.

This form was adopted by the Florida Financial Services Commission.

Dwelling Structure Coverage (Place of Residence)	
Limit of Insurance: \$ <u>179,700</u>	Loss Settlement Basis: <u>Replacement Cost</u> <small>(i.e.: Replacement Cost, Actual Cash Value, Stated Value, etc.)</small>
Other Structures Coverage (Detached from Dwelling)	
Limit of Insurance: \$ <u>17,970</u>	Loss Settlement Basis: <u>Replacement Cost</u> <small>(i.e.: Replacement Cost, Actual Cash Value, Stated Value, etc.)</small>
Personal Property Coverage	
Limit of Insurance: \$ <u>89,850</u>	Loss Settlement Basis: <u>Actual Cash Value</u> <small>(i.e.: Replacement Cost, Actual Cash Value, Stated Value, etc.)</small>
Deductibles	
Annual Hurricane: \$ <u>N/A</u>	All Perils (Other Than Hurricane): <u>\$1,000</u>

Checklist of Coverage (continued)

The above Limit of Insurance, Deductibles, and Loss Settlement Basis apply to the following perils insured against: (Items below marked Y (Yes) indicate coverage IS included, those marked N (No) indicate coverage is NOT included)

Y	Fire or Lightning
N	Hurricane
N	Flood (Including storm surge)
N	Windstorm or Hail (other than hurricane)
Y	Explosion
Y	Riot or Civil Commotion
Y	Aircraft
Y	Vehicles
Y	Smoke
Y	Vandalism or Malicious Mischief
Y	Theft
Y	Falling Objects
Y	Weight of Ice, Snow or Sleet
Y	Accidental Discharge or Overflow of Water or Steam
Y	Sudden and Accidental Tearing Apart, Cracking, Burning or Bulging
Y	Freezing
Y	Sudden and Accidental Damage from Artificially Generated Electrical Current
Y	Volcanic Eruption
Y	Sinkhole
Y	Any Other Peril Not Specifically Excluded (dwelling and other structures only)

Special limits and loss settlement exceptions may apply to certain items. Refer to your policy for details.

Loss of Use Coverage		
Coverage	Limit of Insurance	Time Limit
(Items below marked Y (Yes) indicate coverage IS included, those marked N (No) indicate coverage is NOT included)		
Y Additional Living Expense	\$35,940	Shortest Time Required
Y Fair Rental Value	\$35,940	Shortest Time Required
Y Civil Authority Prohibits Use	\$35,940	Two (2) Weeks

Property - Additional/Other Coverages			
(Items below marked Y (Yes) indicate coverage IS included, those marked N (No) indicate coverage is NOT included)	Limit of Insurance	Amount of insurance is an additional amount of coverage or is included within the policy limit.	
		Included	Additional
Y Debris Removal	Reasonable Expense	X	X
Y Reasonable Repairs	\$179,700	X	
Y Property Removed	\$89,850	X	
Y Credit Card, Electronic Fund Transfer Card, or Access Device, Forgery and Counterfeit Money	\$500		X
Y Loss Assessment	\$1,000		X
Y Collapse	\$269,550	X	
Y Glass or Safety Glazing Material	\$179,700	X	
Y Landlord's Furnishings	\$2,500	X	
Y Law and Ordinance	\$44,925		X
Y Grave Markers	\$5,000	X	
Y Mold / Fungi	\$10,000	X	

Checklist of Coverage (continued)

Discounts		Dollar (\$) Amount of Discount
(Items below marked Y (Yes) indicate coverage IS included, those marked N (No) indicate coverage is NOT included)		
N	Multiple Policy	
N	Fire Alarm / Smoke Alarm / Burglar Alarm	
N	Sprinkler	
N	Windstorm Loss Reduction	
N	Building Code Effectiveness Grading Schedule	
	Other	

Insurer May Insert Any Other Property Coverage Below		
(Items below marked Y (Yes) indicate coverage IS included, those marked N (No) indicate coverage is NOT included)		Loss Settlement Basis: (i.e.: Replacement Cost, Actual Cash Value, Stated Value, etc.)
N	Equipment Breakdown Coverage	
Y	Identity Theft Coverage	Eligible Expenses and Services

Personal Liability Coverage
Limit of Insurance: \$ <u>100,000</u>
Medical Payments to Others Coverage
Limit of Insurance: \$ <u>1,000</u>

Liability - Additional/Other Coverages				
(Items below marked Y (Yes) indicate coverage IS included, those marked N (No) indicate coverage is NOT included)		Limit of Insurance	Amount of insurance is an additional amount of coverage or is included within the policy limit.	
			Included	Additional
Y	Claim Expenses			X
Y	First Aid Expenses			X
Y	Damage to Property of Others	\$1,000		X
Y	Loss Assessment	\$1,000		X

Insurer May Insert Any Other Liability Coverage Below	
(Items below marked Y (Yes) indicate coverage IS included, those marked N (No) indicate coverage is NOT included)	Limit of Insurance

POLICY PROVISION: All premiums for this insurance shall be computed in accordance with Southern Fidelity Insurance Company's rules, forms, rating plans, premiums and minimum premiums applicable to the insurance afforded herein which are in effect the inception of the insurance and, except with respect to insurance premiums guaranteed for a period no longer than one year, upon each anniversary thereof, including the date of interim changes.

IN WITNESS WHEREOF, the insurer on the reverse hereof has caused this instrument to be signed by its President.

A handwritten signature in black ink, reading "James Graganella". The signature is written in a cursive style with a large, sweeping initial "J".

James Graganella
President
Southern Fidelity Insurance Company, Inc.

IMPORTANT INFORMATION REGARDING DEDUCTIBLE OPTIONS ON YOUR HOMEOWNERS POLICY

YOU HAVE A VARIETY OF DEDUCTIBLE OPTIONS AVAILABLE FOR YOUR POLICY. THESE OPTIONS ARE
AS FOLLOWS:

HURRICANE DEDUCTIBLES

2% OF COVERAGE "A" AMOUNT

5% OF COVERAGE "A" AMOUNT

\$500

ALL OTHER PERILS DEDUCTIBLES

\$500

\$1,000

\$2,500

IF YOU FAIL TO AFFIRMATIVELY CHOOSE A SEPARATE HURRICANE DEDUCTIBLE, THE 2% HURRICANE
DEDUCTIBLE WILL BE APPLIED. PLEASE BE ADVISED, LOWER DEDUCTIBLES GENERALLY RESULT IN
HIGHER PREMIUMS. SOME COMBINATIONS OF DEDUCTIBLES MAY NOT BE AVAILABLE.

FOR ADDITIONAL INFORMATION OR TO MAKE A DEDUCTIBLE CHANGE, PLEASE CONTACT YOUR
AGENT.

SFH FL D3 04 05



SOUTHERN FIDELITY INSURANCE COMPANY

PO Box 16029
Tallahassee, Florida 32317-6029

Questions? Call 1-866-874-7342
Claims? Call 1-866-874-7342

HOMEOWNERS

This Policy Jacket with the Policy Form Declarations Page and Endorsements, if any, issued to form a part thereof, completes the policy as numbered on the Declarations Page.

HOMEOWNERS 3- SPECIAL FORM

HOMEOWNERS
SFH FL H3 08 02

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

A. 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.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in b. below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

- (1) Ownership of such vehicle or craft by an "insured";
- (2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
- (3) Entrustment of such vehicle or craft by an "insured" to any person;
- (4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
- (5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

- (1) Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
- (2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
- (3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
- (4) Motor vehicle means a "motor vehicle" as defined in 7. below.

2. "Bodily injury" means bodily harm, sickness or

disease, including required care, loss of services and death that results.

3. "Business" includes trade, profession or occupation engaged in part time or full time for payment, whether or not the insured is making a profit at the time of the loss.

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

- (1) Your relatives; or
- (2) Other persons under the age of 21 and in the care of any person named above;

b. Children who are under 18 years old and have divorced parents who share custody are covered only when in the care, custody or control of the "named insured".

c. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

- (1) 24 and your relative; or
- (2) 21 and in your care or the care of a person described in a.(1) above;

d. Under Section II:

(1) 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 a. or b. above. "Insured" does not mean 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; or

(2) With respect to a "motor vehicle" to which this policy applies:

(a) Persons while engaged in your employ or that of any person included in a. or b. above; or

(b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "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 described in a. and 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, two, three or four 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.
7. "Motor vehicle" means:
 - a. A self-propelled land or amphibious vehicle; or
 - b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in a. above.
8. "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".
9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.
10. "Residence employee" means:
 - a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured"

and the labor leasing firm, 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".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means:
 - a. The one family dwelling where you reside;
 - b. The two, three or four family dwelling where you reside in at least one of the family units; or
 - c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

12. "Resident" means a person who has been staying at the insured premises for 7 or more days or more than half of the 60 days before any event which might subject to this policy.
13. "Arising out of" or "arises out of" to mean that any and all claims based on the identified conduct or occurrence, no matter how a legal claim or cause of action is defined, described, presented or alleged, and no matter whom it is alleged against, is considered to be part of any exclusion, coverage or definition using those terms, regardless of whether an insured committed the act itself or is alleged to be negligent in any way.
14. "Criminal Act" to mean any action or instance of negligence that is defined as a felony
15. "Hidden" means something that a reasonable person would not be aware of because it is out of sight or not readily apparent.

DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section I that exceeds the deductible amount shown in the Declarations.

SECTION I - PROPERTY COVERAGES

A. Coverage A - Dwelling

1. We cover:
 - a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and
 - b. 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".
2. We do not cover land, including land on which the dwelling is located.

B. Coverage B - Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.
2. We do not cover:
 - a. Land, including land on which the other structures are located;
 - b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;
 - c. Other structures from which any "business" is conducted; or
 - d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.
3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage A. Use of this coverage does not reduce the Coverage A limit of liability.

C. Coverage C - Personal Property

1. Covered Property

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

- a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or

- b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Residences

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 \$1,000, whichever is greater. However, this limitation does not apply to personal property:

- a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or
- b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

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

- a. \$200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,000 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.
- c. \$1,000 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,000 on trailers or semitrailers not used with watercraft of all types.
- e. \$1,000 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- f. \$2,000 for loss by theft of firearms and related equipment.
- g. \$2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

h. \$2,500 on property, on the "residence premises", used primarily for "business" purposes.

i. \$250 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories j. and k. below.

j. \$1,000 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category.

k. \$1,000 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category k.

4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

(1) This includes:

(a) Their accessories, equipment and parts; or

(b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in (a) and (b) above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under E.10. Landlord's Furnishings under Section I - Property Coverages;

h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section I - Property Coverages; or

k. Water or steam.

D. Coverage D - Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

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. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in 1. Additional Living Expense and 2. Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

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

The periods of time under 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or
- (2) 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 is available for such expense.

b. We will also pay your reasonable expense, up to \$1,000, for the removal from the "residence premises" of:

- (1) Your tree(s) felled by the peril of Wind storm or Hail or Weight of Ice, Snow or Sleet; or
- (2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage C; provided the tree(s):
- (3) Damage(s) a covered structure; or
- (4) Does not damage a covered structure, but:
 - (a) Block(s) a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or
 - (b) Block(s) a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The \$1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than \$500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

- (1) Increase the limit of liability that applies to the covered property; or
- (2) Relieve you of your duties, in case of a loss to covered property, described in B.4. under Section I - Conditions.

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:

- a. Fire or Lightning;
- b. Explosion;
- c. Riot or Civil Commotion;
- d. Aircraft;
- e. Vehicles not owned or operated by a resi-dent of the "residence premises";
- f. Vandalism or Malicious Mischief; or
- g. 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 paid 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, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to \$500 for:

- (1) 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;
- (2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;
- (3) Loss to an "insured" caused by forgery or

alteration of any check or negotiable instrument; and

- (4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

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.

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

b. We do not cover:

- (1) Use of a credit card, electronic fund transfer card or access device:

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

- (2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in a. applies, the following defense provisions also apply:

- (1) 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.
- (2) If a suit is brought against an "insured" for liability under a.(1) or (2) above, we will provide a defense at our expense by counsel of our choice.
- (3) 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 a.(3) above.

7. Loss Assessment

- a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or

- (2) Land shock waves or tremors before, during or after a volcanic eruption

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph P. Policy Period under Section I - Conditions does not apply to this coverage.

This coverage is additional insurance.

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 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 collapse;

- (4) Weight of contents, equipment, animals or people;

- (5) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

- c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under 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 that applies 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 of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; 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; or
- (2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in a.(2) above. A dwelling being constructed is not considered vacant.
- c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to \$2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage C, other than Theft.

This 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.

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

11. Ordinance Or Law

a. You may use up to **25%** of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in a. above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

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.

This coverage is additional insurance.

12. Grave Markers

We will pay up to \$5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage C.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I - PERILS INSURED AGAINST

A. Coverage A - Dwelling And Coverage B - Other Structures

1. We insure against risk of direct physical loss to property described in Coverages A and B.

2. We do not insure, however, for loss:

a. Excluded under Section I - Exclusions;

b. Involving collapse, except as provided in E.8. Collapse under Section I - Property Coverages; or

c. Caused by:

(1) 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 provision does not apply if you have used reasonable care to:

(a) Maintain heat in the building; or

(b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

- (2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:
 - (a) Fence, pavement, patio or swimming pool;
 - (b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;
 - (c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or
 - (d) Pier, wharf or dock;
- (3) 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;
- (4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
- (5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:
 - (a) A Plumbing, heating, air

condition or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or

- (b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

- (6) Any of the following:
 - (a) Wear and tear, marring, deterioration;
 - (b) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;
 - (c) Smog, rust or other corrosion, mold, wet or dry rot;
 - (d) Smoke from agricultural smudging or industrial operations;
 - (e) 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 named under Coverage C.
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;
 - (f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;
 - (g) Birds, vermin, rodents, or insects; or
 - (h) Animals owned or kept by an "insured".

- (7) We do not cover any loss to any part of the building, interior or exterior, 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.
- (8) Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "insureds" and is hiding within the walls or ceilings or beneath the floors or above the ceilings of a structure.

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage A or B resulting from an accidental discharge or overflow of water or steam from within a:

- (i) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section I - Exclusion A.3. Water Damage, Paragraphs a. and c. that apply to surface water and water below the surface of the ground do not apply to

loss by water covered under c.(5) and (6) above.

Under 2.b. and c. above, any ensuing loss to property described in Coverages A and B not precluded by any other provision in this policy is covered.

B. Coverage C - Personal Property

We insure for direct physical loss to the property described in Coverage C caused by any of the following perils unless the loss is excluded in Section I - Exclusions.

- 1. **Fire Or Lightning**
- 2. **Windstorm Or Hail**

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

This peril does not include loss to the inside of a building or 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.

- 3. **Explosion**
- 4. **Riot Or Civil Commotion**
- 5. **Aircraft**

This peril includes self-propelled missiles and spacecraft.

- 6. **Vehicles**
- 7. **Smoke**

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

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

- 8. **Vandalism Or Malicious Mischief**
- 9. **Theft**

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

- (1) Committed by an "insured";
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

- (3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or
- (4) That occurs off the "residence premises" of:
 - (a) Trailers, semitrailers and campers;
 - (b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or
 - (c) 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 an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss.

10. Falling Objects

This peril does not include loss to the inside of a building or property contained in the 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

This peril means weight of ice, snow or sleet which causes damage to a building or property contained in a building.

12. Accidental Discharge Or Overflow Of Water Or Steam

- a. This peril means 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.
- b. 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 Peril Insured Against **14. Freezing**;
 - (3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or
 - (4) Caused by mold, fungus, bacteria, mold spores or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.
- c. In this peril, a plumbing system or household appliance does not include a

sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

- d. Section **1 - Exclusion A.3. Water Damage**, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means 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

- a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:
 - (1) Maintain heat in the building; or
 - (2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

- b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

SECTION I - EXCLUSIONS

- A. 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. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance or Law means any ordinance or law:

- a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11**. Ordinance Or Law under Section **I** - Property Coverages;
- b. The requirements of which result in a loss in value to property; or
- c. 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 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.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

- a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. Landslide, mudslide or mudflow;
- c. Subsidence or sinkhole; or
- d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion **A.2.** does not apply to loss by theft.

3. Water Damage

Water Damage means:

- a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;
- b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or
- c. Water or water-borne material 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.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

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

6. War

War includes the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

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

7. Nuclear Hazard

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **M**. Nuclear Hazard Clause under Section **I** - Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss. which a reasonable person would expect would cause a loss or which the insured intends to cause a loss.

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

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A**, **B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

B. We do not insure for any loss to the property described in Coverage A and B caused by, one or more of the perils listed below, regardless of whether the loss occurs suddenly or gradually, involves isolated or widespread damage, arises from natural or external forces, or occurs as a result of any combination of these:

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in A. above to produce the loss.
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
3. Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Materials used in repair, construction, renovation or remodeling; or
 - d. Maintenance;
of part or all of any property whether on or off the "residence premises".

SECTION I - CONDITIONS

A. 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:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section I - Property Coverages;
4. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs

to protect the property; and

- b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
 - a. Show the damaged property;
 - b. Provide us with records and documents we request and permit us to make copies; and
 - c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. 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:
 - a. The time and cause of loss;
 - b. The interests of all "insureds" and all others in the property involved and all liens on the property;
 - c. Other insurance which may cover the loss;
 - d. Changes in title or occupancy of the property during the term of the policy;
 - e. Specifications of damaged buildings and detailed repair estimates;
 - f. The inventory of damaged personal property described in 6. above;
 - g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
 - h. Evidence or affidavit that supports a claim under **E.6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money** under Section I - Property Coverages, stating the amount and cause of loss.

C. Loss Settlement

In this Condition **C.**, the terms "cost to repair or replace" and "replacement cost" do 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 **E.11. Ordinance Or Law** under Section I - Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property;

- b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
 - c. Structures that are not buildings; and
 - d. Grave markers, including mausoleums;
- at actual cash value at the time of loss but not more than the amount required to repair or replace.
- 2.** Buildings covered under Coverage A or B at replacement cost without deduction for depreciation, subject to the following:
- a. 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 any deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The limit of liability under this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 - (3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in (2) above is limited to the cost which would have been incurred if the building had been built at the original premises.

- b. 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:
 - (1) The actual cash value of that part of the building damaged; or
 - (2) That proportion of the cost to repair or replace, after application of any 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.
- c. 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:

- (1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
 - (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
 - (3) Underground flues, pipes, wiring and drains.
- d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in 2.a. and b. above.

However, if the cost to repair or replace the damage is both:

 - (1) Less than 5% of the amount of insurance in this policy on the building; and
 - (2) Less than \$2,500;

we will settle the loss as noted in 2.a. and b. above whether or not actual repair or replacement is complete.
 - e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition C. Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

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

E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. 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 loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

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

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. 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; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within two years after the date of loss.

H. Our Option

If 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.

I. 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 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. Mortgage Clause

1. 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.

2. 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. Paragraphs E. Appraisal, G. Suit Against Us and I. Loss Payment under Section I - Conditions also apply to the mortgagee.

3. 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.

4. 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.

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

L. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. "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.
2. 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

3. 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.

N. 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.

O. Volcanic Eruption Period

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

P. Policy Period

This policy applies only to loss which occurs during the policy period.

Q. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

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

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II - LIABILITY COVERAGES

A. 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 an "insured" is legally liable. Damages include prejudgment interest awarded against an "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 our limit of liability for the "occurrence"

has been exhausted by payment of a judgment or settlement.

B. 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

A. "Motor Vehicle Liability"

1. Coverages E and F do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
 - a. Is registered for use on public roads or property;
 - b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
 - c. Is being:
 - (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
 - (2) Rented to others;
 - (3) Used to carry persons or cargo for a charge; or
 - (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion A.1. does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:

- a. In dead storage on an "insured location";
- b. Used solely to service an "insured's" residence;
- c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
 - (1) Being used to assist a handicapped person; or
 - (2) Parked on an "insured location";
- d. Designed for recreational use off public roads and:
 - (1) Not owned by an "insured"; or
 - (2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B. 6.a., b., d., e. or h.**; or
- e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
 - (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
 - (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
 - (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
 - (c) Cross public roads at designated points to access other parts of the golfing facility; or
 - (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
 - a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
 - b. Rented to others;
 - c. Used to carry persons or cargo for a

- charge; or
 - d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
 - a. Is stored;
 - b. Is a sailing vessel, with or without auxiliary power, that is:
 - (1) Less than 26 feet in overall length; or
 - (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
 - c. Is not a sailing vessel and is powered by:
 - (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
 - (a) 50 horsepower or less and not owned by an "insured"; or
 - (b) More than 50 horsepower and not owned by or rented to an "insured"; or
 - (2) One or more outboard engines or motors with:
 - (a) 25 total horsepower or less;
 - (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
 - (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
 - (i) You declare them at policy inception; or
 - (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in (c) and (d) above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E - Personal Liability And Coverage F - Medical Payments To Others

Coverages E and F do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

- a. Is of a different kind, quality or degree than initially expected or intended; or
- b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion E.1. does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion E.2. 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".

b. This Exclusion E.2. does not apply to:

- (1) The rental or holding for rental of an "insured location";
 - (a) On an occasional basis if used only as a residence;
 - (b) 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
 - (c) In part, as an office, school, studio or private garage; and
- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

- a. Owned by an "insured";
- b. Rented to an "insured"; or
- c. Rented to others by an "insured"; that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

- a. Undeclared war, civil war, insurrection, rebellion or revolution;
- b. Warlike act by a military force or military personnel; or
- c. Destruction, seizure or use for a military purpose.

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

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; including, but not limited to, the lack of failure to supervise, or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812 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 **A.** "Motor Vehicle Liability", **B.** "Water-craft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" 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".

9. Criminal Act

"Bodily injury" or "property damage" arising out of or during any criminal act or violation of any law or ordinance

F. Coverage E - Personal Liability

Coverage **E** does not apply to:

1. Liability:

- a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II - Additional Coverages**;
 - b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
 - (1) That directly relate to the ownership, maintenance or use of an "insured location"; or
 - (2) Where the liability of others is assumed by you prior to an "occurrence";unless excluded in **a.** above or elsewhere in this policy;
2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";
 3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;
 4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or

- c. Occupational disease law;
5. "Bodily injury" or "property damage" for which an "insured" under this policy:
 - a. Is also an insured under a nuclear energy liability policy issued by the:
 - (1) Nuclear Energy Liability Insurance Association;
 - (2) Mutual Atomic Energy Liability Underwriters;
 - (3) Nuclear Insurance Association of Canada;or any of their successors; or
 - b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or
 6. "Bodily injury" to you or an "insured" as defined under Definitions **5.a.** or **b.** This exclusion also applies to any claim made or suit brought against you or an "insured":
 - a. To repay; or
 - b. Share damages with;
another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F -- Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":
 - a. Occurs off the "insured location"; and
 - b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";
2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:
 - a. Workers' compensation law;
 - b. Non-occupational disability law; or
 - c. Occupational disease law;
3. From any:
 - a. Nuclear reaction;
 - b. Nuclear radiation; or
 - c. Radioactive contamination;all whether controlled or uncontrolled or however caused; or
- d. Any consequence of any of these; or
4. 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:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;
2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage E limit of liability. We need not apply for or furnish any bond;
3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to \$250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. 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.

B. 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 an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to \$1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
 - a. To the extent of any amount recoverable under Section I;
 - 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, occu-

pancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This exclusion e.(3) does not apply to a "motor vehicle" that:

- (a) Is designed for recreational use off public roads;
- (b) Is not owned by an "insured"; and
- (c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to \$1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period 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 from coverage under Section II - Exclusions; or
 - b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
 - (1) Is elected by the members of a corporation or association of property owners; and
 - (2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph I. Policy Period under Section II - Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of \$1,000 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.

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

SECTION II - CONDITIONS

A. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E limit of liability 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 Coverage F limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence". This condition does not apply if one of the insureds committed an Intentional Act.

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
 - a. The identity of the policy and the "named insured" shown in the Declarations;
 - b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
 - c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
 - a. To make settlement;
 - b. To enforce any right of contribution or indemnity against any person or organ-

ization who may be liable to an "insured";

- c. With the conduct of suits and attend hearings and trials; and
- d. To secure and give evidence and obtain the attendance of witnesses;

5. With respect to C. Damage To Property Of Others under Section II - Additional Coverages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;

6. No "insured" shall, except at such "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".

D. Duties Of An Injured Person - Coverage F - Medical Payments To Others

1. 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.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim - Coverage F - Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section II.
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage E can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

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

H. Other Insurance

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.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

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

SECTIONS I AND II - CONDITIONS

A. 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 with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

B. 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.

C. Cancellation

1. 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.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may 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.
 - a. 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.

- b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

- c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

- (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

- (2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

- d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

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

4. 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 a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

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

F. 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.

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

Subrogation does not apply to Coverage F or Paragraph C. Damage To Property Of Others under Section II – Additional Coverages.

G. Salvage Rights

In the event we pay you and or your loss payee for a total loss under this policy, we will be entitled to any and all salvage rights associated with this loss. You agree that you will take all reasonable steps necessary to help us fulfill our salvage rights, including, but not limited to, signing over title to any property subject to salvage. In the event your home is declared a total loss or any reason, upon payment of that loss, we will obtain any and all salvage rights to the home and you will be required to vacate the premises within thirty (30) days of reasonable notice by us. We shall have sixty (60) days to take whatever steps are necessary to avail ourselves of our salvage rights under this provision. Our sixty (60) days will not begin until the time we

notify you of our intent, you vacate the premises, and you have taken all reasonable steps requested by us to facilitate salvage.

H. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. 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; and
2. "Insured" includes:
 - a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
 - b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative

SOUTHERN
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IDENTITY THEFT EXPENSE AND RESOLUTION SERVICES COVERAGE

DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added.

Identity Theft ("ID Theft") means the act of knowingly transferring or using, without lawful permission, a means of identification of an **insured**. This act must be with the intent to commit, or to aid or abet, any unlawful action that constitutes a violation of federal law or a felony under any applicable state or local law.

Resolution Services ("Services") provides a specialist assigned to the victim who in turn works one-on-one with the victim, from first notice of loss to crisis completion. It also includes ordering credit reports, alerting credit reporting agencies, providing credit and fraud monitoring services, and preparing required documents and letters.

"Expenses" means:

1. Normal costs for notarizing required fraud statements or similar documents for financial institutions or similar credit grantors or credit agencies.
2. Normal costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors.
3. Lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies, credit agencies, legal counsel and/or to complete fraud statements. Lost wages includes time away due to wrongful custody arising solely from someone else having committed a crime in the **insured's** name, up to a maximum payment of one thousand dollars per week, up to five weeks. Lost wages shall not apply in the case of wrongful custody absent all charges being dropped or an acquittal of the insured.
4. Loan application fees for re-applying for a loan or loans when the original loan is rejected solely because the lender received incorrect credit data.
5. Normal attorney fees incurred, with our prior written consent, for:
 - a. Defense of lawsuits brought against the **insured** by merchants or their collection agencies;
 - b. The removal of any criminal or civil judgments wrongly entered against an **insured**, and;
 - c. Dispute of correctness or wholeness of any data in a consumer credit report.
6. Charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions, credit grantors, or credit agencies to report or discuss an actual **ID Theft**.
7. Costs for daycare and eldercare incurred by an **insured** solely as a direct result of any one **ID Theft**.

For a separate premium charge, the following Coverage is added under Section I.

SOUTHERN

FIDELITY INSURANCE COMPANY

We will pay up to \$25,000 for **Expenses** incurred by an **insured** as the direct result of any one **ID Theft**. The **ID Theft** must have occurred during the policy period. In addition, you will have access to **Services** from a consumer fraud specialist. The specialist will assist you in the process of restoring your identity. Any act or series of acts, committed by any one person or group of persons is considered to be one identity theft. Any one person or group of persons, acting in concert is considered to be one identity theft. Any one person or group of persons concerned or implicated in any one act or series of acts is considered to be one **ID Theft**. If a series of acts continues into a subsequent policy period this is considered one **ID Theft**.

EXCLUSIONS

The following exclusions apply to this coverage. We do not cover.

1. Loss arising out of **business** pursuits of any **insured**.
2. **Expenses** incurred due to any fraudulent, dishonest or criminal act by an **insured** or any person acting in concert with an **insured**, or by any authorized representative of the **insured**, whether acting alone or in collusion with others.
3. Loss other than **Expenses** or **Services**.

DEDUCTIBLE

No deductible applies to **ID Theft** coverage.

YOUR DUTIES AFTER LOSS

The following is added under Condition **2. Your Duties After Loss**, paragraph **g**.

(9) Receipts, bills or other records that support your claim for **Expenses** under **ID Theft** coverage.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**LIMITED FUNGI, MOLD, WET OR DRY ROT, OR BACTERIA
COVERAGE**

FOR USE WITH FORM SFH FL H2 04 05 AND FORM SFH FL H3 04 05

SCHEDULE*

1.	Section I - Property Coverage Limit Of Liability for the Additional Coverage "Fungi", Wet Or Dry Rot, Or Bacteria that damages your property and results from a covered peril	\$ 10,000 Each Covered Loss \$ 20,000 Policy Aggregate
2.	Section II - Personal Liability Coverage E Aggregate Sublimit Of Liability for "Fungi", Wet Or Dry Rot, Or Bacteria that damages your property and results from a covered peril	\$ 50,000
* Entries may be left blank if shown elsewhere in this policy for this coverage.		

DEFINITIONS

The following definition is added:

"Fungi"

- a. "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.
- b. Under Section II this does not include any fungi that are, are on, or are contained in, a good or product intended for consumption.

SECTION I - PROPERTY COVERAGES

The following Coverage is added to

13. " Fungi", Wet Or Dry Rot, Or Bacteria

- a. The amount shown in the Schedule above is the most we will pay for:
 - (1) The total of all loss payable under Section I - Property Coverages caused by "fungi", wet or dry rot, or bacteria;
 - (2) The cost to remove "fungi", wet or dry rot, or bacteria from property covered under Section I - Property Coverages;
 - (3) The cost to tear out and replace any part of the building or other covered property as needed to gain access to the "fungi", wet or dry rot, or bacteria; and
 - (4) The cost of testing of air or property to confirm the absence, presence or level of

"fungi", wet or dry rot, or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

- b. The coverage described in 12.a. only applies when such loss or costs are a result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at and after the time the Peril Insured Against occurred.

- c. The **Each Covered Loss** amount shown in the Schedule for this coverage is the most we will pay for the total of all loss or costs payable under this Additional Coverage regardless of the number of locations insured under this endorsement or number of claims-made.

The **Policy Aggregate** amount shown in the Schedule for this coverage is the most we will pay for the total of all loss or costs payable under this Additional Coverage for all covered losses, regardless of the number of locations insured under this endorsement or number of claims made.

- d. If there is covered loss or damage to covered property, not caused, in whole or in part, by "fungi" wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

This coverage does not increase the limit of liability applying to the damaged covered property.

SECTION I - Perils Insured Against

Paragraph 18, on Form SFH FL H2 04 05 is deleted and replaced by the following:

18. Constant or repeated seepage or leakage or water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years. **This will apply to the limit of the SFH FL MC3 04 05.**

Coverage A - Dwelling and Coverage B - Other Structures, Paragraph 2.c(8), on Form SFH FL H3 04 05 is deleted and replaced by the following:

(8.) Constant or repeated seepage or leakage or water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years unless such seepage or leakage of water or the presence or condensation of humidity, moisture or vapor and the resulting damage is unknown to all "Insureds" and is hidden within the walls or ceilings or beneath the floors or above the ceilings or a structure. **This will apply to the limit of the SFH FL MC3 04 05.**

SECTION I - EXCLUSIONS

Exclusion A.10. is added

12. "Fungi," Wet or Dry Rot, or Bacteria

"Fungi," wet or Dry Rot, or Bacteria meaning the presence, growth, proliferation, spread or any activity or "fungi," wet or dry rot, or bacteria.

This exclusion does not apply:

- (a) when "fungi," wet or dry rot, or bacteria results from fire or lightning; or
- (b) To the extent coverage is provided for in the "Fungi," Wet or Dry Rot, or Bacteria Additional

Coverage under Section I - Property Coverages with respect to loss caused by a Peril Insured Against other than fire or lightning.

Direct loss by a Peril Insured Against resulting from "fungi," wet or dry rot, or bacteria is covered.

Section II - CONDITIONS

Condition A. Limit Of Liability is deleted and replaced by the following:

1. Limit Of Liability

Our total liability under Coverage E for all damages resulting from any occurrence will not be more than the Coverage E limit of liability shown in the Declarations. This limit is the same regardless of the numbers 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 will 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 Coverage F limit of liability shown in the Declarations.

However, our total liability under Coverage E for the total of all damages arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi", wet or dry rot, or bacteria will not be more than the Section II Coverage E Aggregate Sublimit Of Liability for "Fungi", Wet Or Dry Rot, Or Bacteria. That sublimit is the amount shown in the Schedule. This is the most we will pay regardless of the:

- a. Number of locations insured under the policy to which this endorsement is attached;
- b. Number of persons injured;
- c. Number of persons whose property is damaged;
- d. Number of "insureds"; or
- e. Number of "occurrences" or claims-made.

This sublimit is within, but does not increase, the Coverage **E** limit of liability. It applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations.

With respect to damages arising out of "fungi", wet or dry rot, or bacteria described in **A. Limit Of Liability** of this endorsement, the following is added to Section II - Conditions, Condition **B. Severability Of Insurance**:

B. Severability Of Insurance

This insurance applies separately to each "insured" except with respect to the Aggregate Sublimit of Liability described in this endorsement under Section **II - Conditions 1.**, Limit Of Liability. This condition will not increase the limit of liability for this coverage. .

SECTION I and II - CONDITIONS.

The following definition is added in SFH FL H2 04 05, Condition H. Policy Period:

H. Policy Period

This policy applies only to loss or costs in Section **I** or "bodily injury" or "property damage" in Section **II**, which occurs during the policy period.

All other provisions of the policy apply.

The following definition is added in FORM SFH FL H3 04 05, Condition I. Policy Period.

I. Policy Period

This policy applies only to loss or costs in Section **I** or "bodily injury" or "property damage" in Section **II**, which occurs during the policy period.

All other provisions of the policy apply.

Southern Fidelity Insurance Company

Mandatory Policy Exclusions and Exceptions

Please read carefully, this endorsement changes your policy.

ANIMAL LIABILITY EXCLUSION

Your policy is changed to read under **COVERAGE E - PERSONAL LIABILITY** we will **NOT** cover any damages caused by any animal owned or kept by you, or located at the insured location, whether or not the injury occurs on your premises or any other location. All other provisions and exclusions apply.

Under **COVERAGE F - MEDICAL PAYMENTS TO OTHERS** we will **NOT** cover bodily injury or medical expenses caused by any animal owned or kept by you, or located at the insured location, whether or not the injury occurs on your premises or any other location. All other provisions and exclusions apply.

Under **DAMAGE TO PROPERTY OF OTHERS SECTION** we will **NOT** cover property damage caused by any animal owned or kept by you, or located at the insured location, whether or not the injury occurs on your premises or any other location. All other provisions and exclusions apply.

SATELLITE DISH EXCLUSION

This provision modifies and limits Section I Coverages as follows.

WE DO NOT COVER damage to the following property:

Your satellite dish or satellite antenna. This exclusion also applies to all related receiving equipment including receiver mounts, transducers or other receiver parts or installation

NON STRUCTURAL HAIL LOSS LIMITATION

Hail often dents the exterior surface of a home or other structure without causing structural damage. Materials usually affected by this type of damage include but are not limited to: metal; fiberglass or rigid plastic porches; carports; awnings; and utility rooms. When this type of loss or damage occurs, we will pay the lowest of the following amounts:

1. The cost of repairing or replacing the damaged portion of the property; or
2. 2% of the amount of insurance provided under Section 1 Property Coverages, Coverage A - Dwelling or Coverage B - Other Structures, depending on which item was damaged.

WINDSTORM AND HAIL CERTAIN STRUCTURES EXCLUSION AND LIMITED COVERAGE CERTAIN STRUCTURES

Unless a Limit of Insurance is shown in the Declaration for the described item and the property is described by separated and specific items on the Declarations,
We DO NOT cover the following property:

- a. Windmills, wind pumps or their towers, or metal smokestacks;
- b. Any structure or attachment from the covered building, where that structure's roof coverings are of screen, fabric, thatch, lattice, or slats and similar material; and/or where that structure's exterior wall coverings are of fabric, thatch, lattice, or slats and similar material, and personal property contained within or on these structures;
- c. Fences, property lines and similar walls;
- d. Greenhouses, glasshouses, hothouses, slat houses, trellises, chickees, gazebos, pergolas, cabanas and tiki huts, or similar structures and personal property contained within or on these structures;
- e. The following property when outside of the building is also **excluded**:
 1. Awnings;
 2. Canopies, when such canopy covering is of screen fabric, thatch, lattice or slats and similar material;
 3. Signs, radio or television antennas or aerials, satellite dish (including lead-in wiring, masts or towers and their supports), and utility poles including light fixtures; and
 4. Steeples.
- f. Grain, hay, straw and other crops, crop silos and/or their contents;
- g. Bridges, boardwalks, trestles, catwalks, dunewalks, ramps, roadways and similar structures, or other paved or graded surfaces, whether or not attached to the building ; however, if not described as above **we cover** walks, decks and patios which are part of the covered building;
- h. Any structure, including the personal property contained within or on the structure, located in whole or in part over water.

**EXCLUDED COVERAGES: DIVING BOARDS, POOL SLIDES,
TRAMPOLINES,
BIKE-AND-SKATEBOARD EQUIPMENT**

Your policy is changed to read under **COVERAGE E - PERSONAL LIABILITY** we will **NOT** cover any property damage or bodily injury arising out of the ownership, use, or maintenance of a diving board, pool slide or trampoline.

Additionally, we will **NOT** cover any property damage or bodily injury arising out of the ownership, use or maintenance of a structure designed for use with cycles, skateboards, scooters, skates or any other similar equipment. (For example: a ramp, bowl or half-pipe.)

All other provisions and exclusions apply.

All Terrain Vehicle (ATV) Exclusion

Coverage under the policy for Both Section I Property and Section II Liability is excluded for any All Terrain Vehicle (ATV) owned, leased, rented, borrowed or used by the insured whether used on the insured premises or anywhere else.

ATVs include vehicles with any number of wheels, capable of carrying one or more persons, that are powered by a gasoline engine, electric motor or any other power source regardless of size or horsepower.

This exclusion applies regardless of the use and includes but is not limited to recreational use, use in maintaining the premises, whether on private or public property or whether off- road or on established streets or roads.

STANDARD POLICY COVERAGE - DECLARATIONS

This policy is issued on behalf of Southern Fidelity Insurance Company and, by acceptance of this policy you agree:

1. That the statements in the Declarations are your representations;
2. That this policy is issued in reliance upon the truth of those representations; and
3. That this policy embodies all agreements existing between you and the Southern Fidelity Insurance Company or any of our Producers relating to this policy.



**PRIVACY POLICY
AND
NOTICE OF INFORMATION PRACTICES**

**Southern Fidelity Insurance Company Inc.
Southern Fidelity Managing Agency Inc.**

To Our Valued Customers: We understand our obligation to keep your information secure and confidential. The information we use in evaluating your application and servicing your policy comes to us primarily from you. Additionally, we may also collect information about you from third parties, including but not limited to state motor vehicle departments, consumer-reporting agencies and other persons proposed for coverage under your policy.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. In some cases this may mean information that can be disclosed to third parties without your authorization; however, we maintain physical, electronic and procedural safeguards that comply with state and federal regulations to guard your nonpublic personal information. Information about you is only given to those of our employees who need it in order to provide you with products, benefits, services including, but not limited to billing, underwriting, marketing and claims processing.

Important Notice: In compliance with the requirements of the **Fair Credit Reporting Act** (Public Law 91-508), Southern Fidelity Insurance Company advises that as part of our routine procedure for reviewing applications for certain types of insurance or renewals of certain policies, we may procure a consumer report including information as to the consumer's character, general reputation, personal characteristics or mode of living. If such insurance is for an individual and is primarily for personal, family, or household purposes, such information may be obtained through personal interviews with neighbors, friends or others with whom the consumer is acquainted. Upon request to our company, we will provide in writing a complete and accurate disclosure of the nature and scope of the consumer report requested or advise that no investigation was conducted.

To help you with your overall insurance program, your agent or broker may use customer information for marketing purposes. We may also use customer information to communicate with you about products, features, and options you have expressed an interest in or that we believe may be of interest to you. To transact business on your behalf, we may find it necessary to provide customer information, without authorization but only as permitted or required by law, to persons or organizations both inside and outside of **Southern Fidelity Insurance Company**. These include, for example: our affiliated companies (**Southern Fidelity Managing Agency**), companies that perform marketing services on our behalf, or other financial institutions with which we have a joint marketing agreement for the sale of our products, and your agent or broker.

You have the right to obtain access to certain information and the right to request correction of information you feel is inaccurate. Additionally, you have the right to request that we not provide your information to organizations outside of Southern Fidelity and its affiliates. To do so, please send a written request to: Southern Fidelity Insurance Company Attn. Policyholder Information Section P.O. Box 16029, Tallahassee, Florida 32317-6029.

We value you as our customer and take your privacy very seriously. We will inform you of our privacy and information practices each year that you are a Southern Fidelity customer.

SOUTHERN

FIDELITY INSURANCE COMPANY

Dear Insured:

Thank you for renewing your policy with Southern Fidelity Insurance Company. We are glad to be given the opportunity to continue insuring your home.

Please review the following points regarding your policy:

1. **This policy does not provide flood coverage.** You must purchase your flood insurance separately from this policy. It is important to make sure that your home is properly protected with this important coverage.
2. We can replace your house and belongings, but we cannot replace you. Please make sure that your home is secured with deadbolt locks and smoke detectors.
3. Your Declaration Page is attached. This lists all the forms and endorsements that are a part of your policy. Copies of the forms and endorsements are included in the policy booklet. Only the forms listed on the Declaration Page are applicable to your policy.

We pledge to you that, under ordinary circumstances, should you report a claim, you will be contacted within 24 hours by one of our adjusters. It is our company policy that all claims are paid promptly and fairly under the terms of the policy. Our goal is your satisfaction.

Depending upon your qualifications, you may now be eligible for our preferred program. If you are interested in applying, please contact your agent to see if you qualify.

There is a toll-free number provided to assist you. For policy information, questions, or to reach the Claims Department, please call 1-866-874-7342. Please keep this number for future use.

Thank you for allowing us the opportunity to meet your insurance needs.

Sincerely,



James Graganella
President

SOUTHERN

FIDELITY INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SINKHOLE LOSS COVERAGE – FLORIDA

(FOR USE WITH FORMS SFH FL H2 and SFH FL H3)

DEFINITIONS

The following definitions are added:

1. "Principal building" means the stand-alone structure, including the foundation and any structure which is part of the same foundation or under the same roofline of the "principal building", covered under this policy under Coverage **A – Dwelling** that you reside in. This definition does not extend to appurtenant structures or any structures that are attached to the livable square footage of this stand-alone structure, including, but not limited to, patios, walkways, sidewalks, fences, screen enclosures, pavement, decks, porches, lanais, driveways, carports, pools, spas, and gazebos, other than those structures which are part of the same foundation or under the same roofline of the "principal building".
2. "Sinkhole activity" means settlement or systematic weakening of the earth supporting the "principal building", only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments or rock material into subterranean voids. These voids are created by the effect of water on limestone or similar rock formation.
3. "Sinkhole loss" means "structural damage" solely to the "principal building" including the foundation, arising out of or caused by "sinkhole activity". Contents coverage and additional living expenses apply only if there is "structural damage" to the "principal building" caused by "sinkhole activity".
4. "Structural damage" means that the "principal building", regardless of the date of its construction, has experienced the following:
 - a. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
 - b. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceeds one and one-third of the nominal

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strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;

- c. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical "primary structural members" to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
- d. Damage that results in the building, or any portion of the building containing "primary structural members" or "primary structural systems," being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
- e. Damage occurring on or after October 15, 2005, that qualifies as "substantial structural damage" as defined in the Florida Building Code.

"Primary structural member" as used above means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.

"Primary structural system" as used above means an assemblage of "primary structural members".

- 5. "Professional Engineer" means a person, as defined in Florida Statute 471.005, who has a Bachelor's Degree or higher in Engineering. A "Professional Engineer" must also have experience and expertise in the identification of "sinkhole activity" as well as other potential causes of "structural damage."
- 6. "Neutral evaluation" means the alternative procedure for resolution of disputed sinkhole insurance claims.
- 7. "Neutral evaluator" means a "professional engineer" or a professional geologist who has completed a course of study in alternative dispute resolution designed or approved by the Department of Financial Services ("DFS") for use in the "neutral evaluation" process and who is determined by the DFS to be fair and impartial.
- 8. "Rebate" means a remuneration, payment, gift, discount, or transfer of any item of value to the policyholder by or on behalf of a person performing the repairs as an incentive or inducement to obtain repairs performed by that person.

SECTION I – PROPERTY COVERAGES

The following is added:

"Sinkhole Loss" Coverage

We insure for direct physical loss to the "principal building" that occurs during the policy period and is caused by a "sinkhole loss", including the cost incurred to:

- 1. Stabilize the land and "principal building"; and
- 2. Repair the foundation.

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Building and land stabilization will be performed:

- a. In accordance with the recommendations of Southern Fidelity's selected "professional engineer" who verifies the presence of a "sinkhole loss" with notice to you; and
- b. In compliance with all the applicable terms and conditions of the policy.

The "principal building" and land stabilization and foundation repair must be performed by a licensed general contractor.

We do not insure land or the replacement, rebuilding, restoration or value of such land, except for the costs to stabilize the land as stated in Item 1. above.

"Sinkhole Loss" does not extend to other structures covered under Coverage B, appurtenant structures or any structures that are attached to the livable square footage of the "principal building", including, but not limited to, patios, walkways, sidewalks, fences, screen enclosures, pavement, decks, porches, lanais, driveways, carports, pools, spas, and gazebos, other than those structures which are part of the same foundation or under the same roofline of the "principal building".

Contents coverage and Additional Living Expense coverage apply only if there is "structural damage" to the "principal building" caused by "sinkhole activity".

SECTION I – EXCLUSIONS

With respect to coverage provided by this endorsement:

1. The Earth Movement Exclusion does not apply to "sinkhole loss".
2. We do not insure for loss caused by "catastrophic ground cover collapse".

SECTION I – CONDITIONS

B. Duties After Loss

With respect to a loss to the "principal building" caused by a "sinkhole loss", Item a. is added to B.1.:

- a. Any claim, including, but not limited to, initial, supplemental, and reopened claims under an insurance policy that provides sinkhole coverage, is barred unless notice of the claim was given to us in accordance with the terms and conditions of the policy within 2 years after you knew or reasonably should have known about the "sinkhole loss."

C. Loss Settlement

With respect to a loss to the "principal building" caused by a "sinkhole loss", Paragraph 2.d. of the **Loss Settlement** Condition is replaced by the following:

- d. "Principal buildings" under Coverage A at replacement cost without deduction for depreciation, subject to the applicable deductible provision and the following:

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- (1) We will pay no more than the actual cash value, less the deductible, of the "sinkhole loss," not including underpinning or grouting or any other repair technique performed below the existing foundation of the "principal building," until you enter into a contract for the performance of building stabilization or foundation repairs in accordance with the recommendations set forth in Southern Fidelity's engineer's report issued pursuant to Florida Statute 627.7073.
- (2) You must enter into a contract for the performance of building stabilization or foundation repairs, in accordance with the recommendation of Southern Fidelity's selected "professional engineer", within 90 days after we confirm coverage for the "sinkhole loss" and notify you of such confirmation. This time period is tolled if either party invokes the "neutral evaluation" process, and begins again 10 days after the conclusion of the "neutral evaluation" process.
- (3) After you enter into such contract for the performance of building stabilization and foundation repairs, we will settle the loss as described in this Condition and pay the amounts necessary to begin and perform such repairs as work is performed and as expenses are incurred.
- (4) The stabilization and all other repairs to the "principal building" must be completed within 12 months after entering into the contract for repairs described above unless:
 - (a) There is mutual agreement between us and you;
 - (b) The claim is involved with the "neutral evaluation" process;
 - (c) The claim is in litigation; or
 - (d) The claim is under mediation.
- (5) If the "principal building" suffers a "sinkhole loss," you must repair such damage or loss in accordance with Southern Fidelity's "professional engineer's" recommended repairs. However, if the repairs have begun and the "professional engineer" selected or approved by Southern Fidelity determines that the recommended repairs cannot be completed within the policy limits, we will either:
 - (a) Pay to complete the repairs recommended by Southern Fidelity's "professional engineer"; or
 - (b) Tender the Coverage A policy limits to you without a reduction for the repair expenses incurred.
- (6) You may not accept a "rebate" from any person performing the required repairs. If you receive a "rebate", coverage is void and you must refund the amount of the "rebate" to us.
- (7) As a pre-condition to accepting payment for a "sinkhole loss," you must file a copy of any sinkhole report regarding the "principal building", which was prepared on your behalf or request, with the county clerk of court. You shall bear the cost of filing and recording the report.
- (8) If we determine there is not "sinkhole loss", we may deny your claim. If coverage for "sinkhole loss" is available and we deny the claim, without performing testing, you may demand testing. You must communicate the demand for testing to us in writing within 60 days after your receipt

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of our claim denial. You will be required to pay either 50 percent of the actual costs of the analyses and services or \$2,500, whichever is less. We will reimburse you for the costs if our engineer or geologist provides written certification that there is "sinkhole loss".

- (9) If we obtain written certification there is no "sinkhole loss" or the cause of the damage was not "sinkhole activity", and if you have submitted the sinkhole claim without good faith grounds for submitting such claim, then you shall reimburse us for 50 percent of the actual costs of the analyses and services, but no more than \$2,500. You are only required to pay reimbursement under this Item C.d.(9) if you requested the analysis and services and we, before ordering the analysis, informed you, in writing, of your potential liability for reimbursement and gave you the opportunity to withdraw the claim.

E. Mediation

With respect to coverage provided by this endorsement, the **Mediation** Condition found in the Special Provisions endorsement, **HO 01 09**, is replaced by the following:

E. Neutral Evaluation

"Neutral evaluation" is available to either party if a sinkhole report has been issued pursuant to Florida Statute 627.7073. Following the receipt of the sinkhole report or the denial of a claim for a "sinkhole loss," we shall notify you of your right to participate in the "neutral evaluation" program. We shall provide to you the consumer information pamphlet prepared by the DFS as defined in Florida Statutes.

1. "Neutral evaluation" is nonbinding, but mandatory if requested by either party. A request for "neutral evaluation" may be filed with the DFS by you or us on a form approved by the DFS. The request for "neutral evaluation" must state the reason for the request and must include an explanation of all the issues in dispute at the time of the request. Filing a request for "neutral evaluation" tolls the applicable time requirements for filing suit for 60 days following the conclusion of the "neutral evaluation" process or the time prescribed in **G. Suit Against Us**, whichever is later.
2. At a minimum, "neutral evaluation" must determine:
 - a. Causation;
 - b. All methods of stabilization and repair both above and below ground;
 - c. The costs for stabilization and all repairs; and
 - d. The information necessary to carry out 6.
3. "Neutral evaluation" shall be conducted as an informal process in which formal rules of evidence and procedure need not be observed. A party to "neutral evaluation" is not required to attend "neutral evaluation" if a representative of the party attends and has the authority to make a binding decision on behalf of the party. All parties shall participate in the evaluation in good faith. The "neutral evaluator" must be allowed reasonable access to the interior and exterior of insured

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structures to be evaluated or for which a claim has been made. Any reports initiated by the policyholder, or an agent of the policyholder, confirming a "sinkhole loss" or disputing another sinkhole report regarding insured structures must be provided to the "neutral evaluator" before the evaluator's physical inspection of the insured property.

4. We shall pay reasonable costs associated with the "neutral evaluation". However, if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the "neutral evaluation", that party must bear such costs.
5. Upon receipt of a request for "neutral evaluation", the DFS shall provide the parties a list of certified "neutral evaluators". The DFS shall allow the parties to submit requests to disqualify evaluators on the list for cause.
 - a. The DFS shall disqualify "neutral evaluators" for cause based only on any of the following grounds:
 - (1) A familial relationship exists between the "neutral evaluator" and either party or a representative of either party within the third degree.
 - (2) The proposed "neutral evaluator" has, in a professional capacity, previously represented either party or a representative of either party, in the same or a "substantially related matter".
 - (3) The proposed "neutral evaluator" has, in a professional capacity, represented another person in the same or a "substantially related matter" and that person's interests are materially adverse to the interests of the parties. The term "substantially related matter" means participation by the "neutral evaluator" on the same claim, property, or adjacent property.
 - (4) The proposed "neutral evaluator" has, within the preceding 5 years, worked as an employer or employee of any party to the case.
 - b. The parties shall appoint a "neutral evaluator" from the DFS list and promptly inform the DFS. If the parties cannot agree to a "neutral evaluator" within 14 business days, the DFS shall appoint a "neutral evaluator" from the list of certified "neutral evaluators." The DFS shall allow each party to disqualify two "neutral evaluators" without cause. Upon selection or appointment, the DFS shall promptly refer the request to the "neutral evaluator."
 - c. Within 14 business days after the referral, the "neutral evaluator" shall notify you and us of the date, time, and place of the "neutral evaluation" conference. The conference may be held by telephone, if feasible and desirable. The "neutral evaluator" shall make reasonable efforts to hold the conference within 90 days after the receipt of the request by the DFS. Failure of the "neutral evaluator" to hold the conference within 90 days does not invalidate either party's right to "neutral evaluation" or to a "neutral evaluation" conference held outside this timeframe.
6. At the conclusion of the "neutral evaluation", the "neutral evaluator" shall prepare a report describing all matters that are the subject of the "neutral evaluation", including whether, in his or

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her opinion, the "sinkhole loss" has been verified or eliminated within a reasonable degree of professional probability and, if verified, whether the "sinkhole activity" caused "structural damage" to the "principal building", and if so, the need for and estimated costs of stabilizing the land and any covered buildings and other appropriate remediation or necessary building repairs due to the "sinkhole loss." The evaluator's report shall be sent to all parties and to the DFS, within 14 days after completing the "neutral evaluation" conference.

7. The recommendation of the "neutral evaluator" is not binding on any party, and the parties retain access to the court. The "neutral evaluator's" written recommendation, oral testimony, and full report shall be admitted in any action, litigation, or proceeding relating to the claim or to the cause of action giving rise to the claim.
8. If the "neutral evaluator" verifies the existence of a sinkhole that caused "structural damage" and recommends the need for and estimates costs of stabilizing the land and the "principal building" and other appropriate remediation or building repairs, which exceed the amount that we "offer to pay" you, we are liable to you for up to \$2,500 in attorney's fees for the attorney's participation in the "neutral evaluation" process. For purposes of this subsection, the term "offer to pay" means a written offer signed by us or our legal representative and delivered to you within 10 days after we receive notice that a request for "neutral evaluation" has been made.
9. If we timely agree in writing to comply and timely comply with the recommendation of the "neutral evaluator", but you decline to resolve the matter in accordance with the recommendation of the "neutral evaluator" pursuant to this section:
 - a. We are not liable for extra contractual damages related to a claim for a "sinkhole loss" but only as related to the issues determined by the "neutral evaluation" process. This section does not affect or impair claims for extra contractual damages unrelated to the issues determined by the "neutral evaluation" process contained in this section; and
 - b. Our actions are not a confession of judgment or admission of liability, and we are not liable for attorney's fees under Florida Statute 627.428 or other provisions of the Florida Insurance Code unless the policyholder obtains a judgment that is more favorable than the recommendation of the "neutral evaluator."
10. If we agree to comply with the "neutral evaluator's" report, payments shall be made in accordance with the terms and conditions of the policy pursuant to Florida Statute 627.707(5). "Neutral evaluation" supersedes the alternative dispute resolution process under Florida Statute 627.7015.

G. Suit Against Us

With respect to coverage provided by this endorsement, the **Suit Against Us** Condition is replaced by the following:

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G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section I of this policy and the action is started within five years after the date of loss; except that the time for filing suit is extended for a period of 60 days following the conclusion of the "neutral evaluation" process, whichever is later.

All other provisions of this policy apply.



NOTICE OF CHANGE IN POLICY TERMS

PAULE VILLARD
16821 NE 8TH AVE
NORTH MIAMI BEACH FL 33162-2423

RE: Policy Number: SLS-1215413-06
 Property Location Address: 16821 NE 8TH AVE, NORTH MIAMI BEACH, FL, 33162-2423
 Effective Date of Renewal: 04/14/2013

Dear Policyholder:

The purpose of this Notice Of Change In Policy Terms is to inform you of changes to the terms, coverage, duties and / or conditions of your renewal policy, as described below:

1. We removed the Inflation Guard endorsement from your policy. Your coverage will no longer be automatically increased at each renewal, unless you choose to add the Inflation Guard endorsement to your policy.
2. We added Identify Theft Coverage to your policy. However, if your policy previously included this coverage, it has renewed with the coverage. Identity Theft coverage is not mandatory and you may choose to remove it.

The descriptions in this notice are intended to be for informational purposes only. Please review your policy and endorsement language carefully. In the event of a conflict, the language in your policy and its endorsements will be controlling.

To accept the renewal offer, simply pay the premium. If applicable, your mortgage company will receive the renewal offer and make payment on your behalf.

If you have any questions concerning this or any other policy matter, please contact us, toll-free, at (866) 874-7342, between the hours of 8:30 AM and 5:00 PM. One of our representatives will be happy to assist you.

We appreciate your patronage and look forward to serving you in the future. Our goal is your satisfaction.

Sincerely,

Southern Fidelity Insurance Company

NOTE THE RECOMMENDED SECURITY OF THE ORIGINAL RECORD BY SIGNATURE FOR RE-
SURENT IDENTIFICATION REPRODUCTION
OCTOBER 26, 1989 DADE COUNTY
Crest Charles
NOTARY PUBLIC, DADE COUNTY

41050

1989 OCT 26 PM 1:53

89R389301

REC: 14304PG3015

WARRANTY 8410
STANDARD
P. 1 500 21

Prepared By & Return To:
Advance Title Co.
699 N.E. 167th St.
North Miami Beach, FL 33162
C. Curall

This Indenture,

Made this 25th day of October, A. D. 1989 Between
Cristobal Ramos and Blanca Ramos, his wife,

of the County of Dade, in the State of Florida, part 1st of the first part, and
Arthur Villard, a married person

of the County of Dade, in the State of Florida, whose post office address is
16821 N.E. 8 Avenue
North Miami Beach, Florida 33162
part y of the second part.

Witnesseth, That the said part 1st of the first part, for and in consideration of the sum of
Ten dollars and other good and valuable considerations Dollars,
to the in hand paid by the said part y of the second part, the receipt whereof is hereby acknowl-
edged, he ve granted, bargained, and sold to the said part y of the second part. His here
and assigns forever, the following described land, situate, and being in the County of Dade
State of Florida, to-wit:

Lot 16, in Block 3 of PARULETA GARDENS, according to the
plat thereof, as recorded in Plat Book 53, Page 42 of the
Public Records of Dade County, Florida

Documentary Stamps Collected \$ 410.50
\$ SURTAX Doc. Stamps Collected
Class "C" Intangible Tax Collected \$
Richard P. Brinker, Clerk, Dade County, Fla.
10-26-89 DC

Subject to conditions, restrictions, limitations of record, and taxes for
1989 and subsequent years; this reference to said restrictions shall
not operate to reimpose the same.

RECORDED IN OFFICIAL RECORDS BOOK
OF DADE COUNTY, FLORIDA.
RICHARD P. BRINKER
CLERK OF DADE COUNTY
CLERK CIRCUIT COURT

And the said part 1st of the first part do hereby fully warrant the title to said land, and will defend the
same against the lawful claims of all persons whomsoever.

In Witness Whereof, The said part 1st of the first part ha ve hereunto set their
hand and seal the day and year first above written.

Signed, sealed and delivered in the presence of:

[Signature] Cristobal Ramos
[Signature] Blanca Ramos

STATE OF FLORIDA,
COUNTY OF Dade

I HEREBY CERTIFY that on this day, before me, as
an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared
Cristobal Ramos and Blanca Ramos, his wife,

to me known to be the persons described in and who executed the foregoing instrument and they acknowledged
before me that executed the same.

WITNESS my hand and official seal in the County and State aforesaid this 25th day of
October A. D. 19 89

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP. MAY 17, 1992
BONDED THRU GENERAL INS. UND.

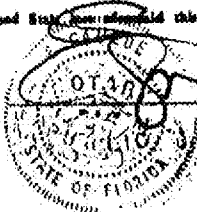


EXHIBIT
B