

SERFF Tracking Number: CNNA-125481509 State: Arkansas  
Filing Company: The Cincinnati Insurance Company State Tracking Number: EFT \$50  
Company Tracking Number: CCP-08-6008-AR  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: CCP-08-6008-AR  
Project Name/Number: /

## Filing at a Glance

Company: The Cincinnati Insurance Company

Product Name: CCP-08-6008-AR

TOI: 01.0 Property

Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Filing Type: Form

SERFF Tr Num: CNNA-125481509 State: Arkansas

SERFF Status: Closed

Co Tr Num: CCP-08-6008-AR

Co Status:

Author: Sharon Grubbs

Date Submitted: 02/11/2008

State Tr Num: EFT \$50

State Status: Fees verified and received

Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding

Disposition Date: 02/29/2008

Disposition Status: Approved

Effective Date Requested (New): 09/01/2008

Effective Date Requested (Renewal):

Effective Date (New): 09/01/2008

Effective Date (Renewal):

State Filing Description:

## General Information

Project Name:

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 02/29/2008

State Status Changed: 02/22/2008

Corresponding Filing Tracking Number:

Filing Description:

At this time, we wish to file form(s) per the attached memorandum.

Status of Filing in Domicile: Pending

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

Final copies are attached for your review.

Filing fees will be sent through the Electronic Filing Fee System as a (EFT) filing.

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Please be advised that we work on a 90-days-in-advance schedule. As a result, we would appreciate your approval by June 1, 2008, for the software to be mailed to our agents on July 1, 2008, for the effective date of September 1, 2008.

Your approval is respectfully requested for use on policies effective on or after September 1, 2008.

## Company and Contact

### Filing Contact Information

Sharon Grubbs, Senior Filings Analyst sharon\_grubbs@cinfin.com  
 6200 S. Gilmore Road (513) 870-2091 [Phone]  
 Fairfield, OH 45014

### Filing Company Information

The Cincinnati Insurance Company CoCode: 10677 State of Domicile: Ohio  
 6200 S. Gilmore Road Group Code: 244 Company Type:  
 Fairfield, OH 45014 Group Name: State ID Number:  
 (513) 870-2000 ext. [Phone] FEIN Number: 31-0542366  
 -----

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? Yes  
 Fee Explanation:  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
The Cincinnati Insurance Company	\$50.00	02/11/2008	17914550

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	02/29/2008	02/29/2008

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Llyweyia Rawlins	02/29/2008	02/29/2008	Sharon Grubbs	02/29/2008	02/29/2008

*SERFF Tracking Number:*      *CNNA-125481509*                      *State:*                      *Arkansas*  
*Filing Company:*              *The Cincinnati Insurance Company*              *State Tracking Number:*      *EFT \$50*  
*Company Tracking Number:*      *CCP-08-6008-AR*  
*TOI:*                      *01.0 Property*                      *Sub-TOI:*                      *01.0001 Commercial Property (Fire and Allied Lines)*  
  
*Product Name:*              *CCP-08-6008-AR*  
*Project Name/Number:*      /

## **Disposition**

Disposition Date: 02/29/2008

Effective Date (New): 09/01/2008

Effective Date (Renewal):

Status: Approved

Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	FORM FILING SCHEDULE	Approved	Yes
Supporting Document	MEMORANDUM	Approved	Yes
Supporting Document	ARKANSAS CHANGES	Approved	Yes
Form	MORTGAGE HOLDER'S INSURANCE COVERAGE APPLICATION	Approved	Yes
Form	MORTGAGE HOLDER'S INSURANCE COVERAGE FORM	Approved	Yes
Form	LIFE AND DISABILITY INSURANCE PLACEMENT LIABILITY COVERAGE	Approved	Yes
Form	MORTGAGE INTEREST FLOOD COVERAGE	Approved	Yes
Form	FLOOD HAZARD DETERMINATION LIABILITY COVERAGE	Approved	Yes
Form	MORTGAGE INSURANCE PLACEMENT LIABILITY COVERAGE	Approved	Yes
Form	SELLER / SERVICER LIABILITY COVERAGE	Approved	Yes
Form	TITLE LIABILITY COVERAGE	Approved	Yes
Form	SUPPLEMENTAL EXTENDED REPORTING PERIOD ENDORSEMENT	Approved	Yes
Form	NOTICE TO POLICYHOLDERS	Approved	Yes
Form	MORTGAGE HOLDER'S INSURANCE COVERAGE FORM FA 102 11 07	Approved	Yes
Form	MORTGAGE HOLDER'S INSURANCE COVERAGE PART DECLARATIONS	Approved	Yes
Form	MORTGAGE HOLDER'S INSURANCE COVERAGE PART ENDORSEMENT	Approved	Yes
Form	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE	Approved	Yes

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Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 02/29/2008  
Submitted Date 02/29/2008  
Respond By Date 03/15/2008

Dear Sharon Grubbs,

Form: FA 102, Page 13 of 19

The appraisal clause(s) found in this filing should be amended to comply with Ark. Code Ann. §23- 79-203 and Arkansas Bulletin No. 19-89. The clause(s) must specifically state it is non-binding and voluntary.

Thank You

Llyweyia Rawlins

Please feel free to contact me if you have questions.

Sincerely,

Llyweyia Rawlins

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 02/29/2008  
Submitted Date 02/29/2008

Dear Llyweyia Rawlins,

### Comments:

#### Response 1

Comments: Dear Llyweyia Rawlins,

In response to your Objection Letter, attached please find our state amendatory form ARKANSAS CHANGES IA 4279 AR 01 06, which addresses your concerns. This form has been approved by the department with an effective date of 01-01-06 under our filing summary number CMISC-05-6007-AR. If I can be of any further help to you, please let me know.

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Sincerely,  
Sharon Grubbs

**Changed Items:**

**Supporting Document Schedule Item Changes**

Satisfied -Name: ARKANSAS CHANGES

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,  
Sharon Grubbs

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## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	MORTGAGE HOLDER'S INSURANCE COVERAGE APPLICATION	FA 004	11 07	Application/ New Binder/Enrollment		0.00	FA004 11-07.pdf
Approved	MORTGAGE HOLDER'S INSURANCE COVERAGE FORM	FA 102	11 07	Policy/Coverage Replaced Form	Replaced Form #:0.00 FA 102 04 04 Previous Filing #: CCP-04-6008-AR		FA102 11-07.pdf
Approved	LIFE AND DISABILITY INSURANCE PLACEMENT LIABILITY COVERAGE	FA 229	11 07	Policy/Coverage Replaced Form	Replaced Form #:0.00 FA 229 04 04 Previous Filing #: CCP-04--6008-AR		FA229 11-07.pdf
Approved	MORTGAGE INTEREST FLOOD COVERAGE	FA 230	11 07	Policy/Coverage Replaced Form	Replaced Form #:0.00 FA 230 04 04 Previous Filing #: CCA-04-6008-AR		FA230 11-07.pdf
Approved	FLOOD HAZARD DETERMINATION LIABILITY COVERAGE	FA 252	11 07	Policy/Coverage New Form		0.00	FA252 11-07.pdf
Approved	MORTGAGE INSURANCE PLACEMENT LIABILITY COVERAGE	FA 253	11 07	Policy/Coverage New Form		0.00	FA253 11-07.pdf
Approved	SELLER / SERVICER LIABILITY	FA 254	11 07	Policy/Coverage New Form		0.00	FA254 11-07.pdf

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Project Name/Number: /

COVERAGE

Approved	TITLE LIABILITY FA 255	11 07	Policy/CoveNew	0.00	FA255	11-07.pdf
Approved	COVER SUPPLEMENTA FA 4062	11 07	Endorseme New	0.00	FA4062	11-07.pdf
Approved	L EXTENDED REPORTING PERIOD ENDORSEMENT NOTICE TO FA 4063	11 07	Policy/CoveNew	0.00	FA4063	11-07.pdf
Approved	POLICYHOLDER S MORTGAGE HOLDER'S INSURANCE COVERAGE FORM FA 102 11 07		rage Form			
Approved	MORTGAGE FA 502	11 07	Declaration Replaced	Replaced Form #:0.00	FA502	11-07.pdf
Approved	HOLDER'S INSURANCE COVERAGE PART DECLARATIONS		s/Schedule	FA 502 05 93 Previous Filing #: N/A		
Approved	MORTGAGE FA 502E	11 07	Endorseme Replaced	Replaced Form #:0.00	FA502E	11-07.pdf
Approved	HOLDER'S INSURANCE COVERAGE PART ENDORSEMENT		nt/Amendm ent/Condi ons	FA 502E 05 93 Previous Filing #: N/A		
Approved	WINDSTORM FA 474	12 07	Endorseme Replaced	Replaced Form #:0.00	FA474	12-07.pdf
Approved	OR HAIL PERCENTAGE DEDUCTIBLE		nt/Amendm ent/Condi ons	FA 474 04 04 Previous Filing #: CCP-04-6008-AR		



**THE CINCINNATI INSURANCE COMPANY**  
 **THE CINCINNATI CASUALTY COMPANY**  
 **THE CINCINNATI INDEMNITY COMPANY**

**MORTGAGE HOLDER'S INSURANCE COVERAGE  
APPLICATION**

NOTICE: THE INSURANCE COVERAGE BEING APPLIED FOR CONTAINS CLAIMS-MADE COVERAGE. EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, MORTGAGE HOLDER'S LIABILITY INSURANCE IS LIMITED TO "WRONGFUL ACTS" FOR WHICH "CLAIMS" ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE READ AND REVIEW THE INSURANCE CONTRACT CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR AGENT.

- ISSUE
- BINDER      AGENCY: \_\_\_\_\_  
Code Number: \_\_\_\_\_
- RENEWAL OF: \_\_\_\_\_ DATE: \_\_\_\_\_

**I. A. NAME OF APPLICANT AND MAILING ADDRESS:**

- 1 year
- B. POLICY PERIOD:** From \_\_\_\_\_ To: \_\_\_\_\_  3 year
- C. PAYABLE**     Annual     Semi-Annual     Quarterly

**II. GENERAL INFORMATION SECTION**

- A.** Has any insurance company cancelled, declined, or refused to renew any form of coverage requested in the past three years? This question is not applicable in Missouri.  
 Yes     No    If "Yes," please explain: \_\_\_\_\_
- B.** Name of previous insurer: \_\_\_\_\_ Policy Number \_\_\_\_\_
- C.** Has the Applicant been criticized for violations dealing with compliance with hazard insurance regulations?  
 Yes     No    If "Yes," please explain: \_\_\_\_\_
- D.** Is the Applicant aware of any circumstances which would cause a loss under this insurance or have any losses occurred?  
 Yes     No    If "Yes," please explain: \_\_\_\_\_
- E.** Does the Applicant maintain a full-time insurance department of not less than two persons whose duties shall include supervision of insurance on mortgaged properties?     Yes     No

**III. MORTGAGE HOLDER'S INTEREST - COVERAGE A  
MORTGAGE HOLDER'S LIABILITY - COVERAGE C**

**A.** Show the number of mortgages and the largest single mortgage balance:

	NUMBER	LARGEST SINGLE MORTGAGE
* TYPE A MORTGAGES		
Residential		\$
Commercial		\$
Total		\$
** TYPE B MORTGAGES		
Residential		\$
Commercial		\$
Total		\$

- \* **TYPE A** - Mortgages for which the Applicant retains the mortgagor's original hazard policy and renewals.
- \*\* **TYPE B** - Mortgages for which the Applicant confirms at closing that mortgagor has valid hazard insurance, but Applicant does not retain the mortgagor's original hazard policy.

**B.** Does Item **III.A.** include mortgages serviced by others; serviced for others; participating?

Yes     No

If "Yes," please explain and attach a copy of the service agreements or participation contract: \_\_\_\_\_

**C.** What perils does the Applicant require to be covered by hazard insurance? \_\_\_\_\_

**D.** Does the Applicant's hazard insurance checklist require the following? (Attach a copy of the procedure checklist.)

Yes    No

- That perils insured against match those required in the mortgage agreement or are broader?
- That the amount of insurance is at least equal to the mortgage balance?
- That the Applicant be named in a standard mortgagee clause on the hazard insurance policy?
- That the hazard insurance be written with a financially sound insurer?

**E.** Optional Mortgage Interest Flood coverage:

Yes    No

    Is Mortgage Interest Flood coverage desired? If "Yes," answer the following:

Does the Applicant:

- 1. Require flood insurance on all properties located in a designated flood zone?
- 2. Require in the mortgage agreement that flood insurance be maintained?
- 3. Confirm at the closing of a mortgage that valid flood insurance is in effect?
- 4. Send annual reminders to the mortgagor to maintain flood insurance?
- 5. Require that the Applicant be named as a mortgagee on the flood insurance policy?
- 6. Undertake the responsibility to place flood insurance in a mortgage agreement?

**7.** Please describe the Applicant's methods and procedures for determining whether a property is located in a Special Flood Hazard Area:

**8.** Number of mortgages requiring flood insurance? \_\_\_\_\_

**F.** What is the procedure when the Applicant becomes aware that the required hazard insurance is no longer in effect?

**G.** TYPE A MORTGAGES - Does the Applicant retain the mortgagor's original hazard policy and renewals?

Yes     No

**H. TYPE B MORTGAGES**

- 1. Does the Applicant send annual reminders to the mortgagor to maintain valid hazard insurance?  
 Yes     No
- 2. Does the Applicant keep documentation in each mortgage file that the mortgagor has fulfilled each requirement in the procedure checklist?  
 Yes     No

**IV. PROPERTY OWNED OR HELD IN TRUST - COVERAGE B**

For properties the Applicant owns or for which they have a fiduciary interest as trustee or otherwise:

- A. What position and department of the Applicant is responsible for procuring and maintaining valid hazard insurance? \_\_\_\_\_
- B. What perils does the Applicant require to be covered by the hazard policy? \_\_\_\_\_
- C. Number of trusts? \_\_\_\_\_

**V. LIMITS OF INSURANCE**

Indicate the limits of insurance requested:

COVERAGE A	MORTGAGE HOLDER'S INTEREST		
	* TYPE A MORTGAGES	\$ _____	per mortgage
	** TYPE B MORTGAGES	\$ _____	per mortgage
	COMBINED TYPE A AND TYPE B MORTGAGES	\$ _____	per occurrence
COVERAGE B	PROPERTY OWNED OR HELD IN TRUST	\$ _____	per trust
		\$ _____	per occurrence
COVERAGE C	MORTGAGE HOLDER'S LIABILITY	same as Coverage A per occurrence (Maximum \$1,000,000)	
	Retroactive Date Requested for Coverage C.	_____	
DEDUCTIBLE:	<input type="checkbox"/> \$500 <input type="checkbox"/> \$1,000 <input type="checkbox"/> \$2,500 <input type="checkbox"/> Other	\$ _____	

**VI. CURRENT/PRIOR INSURANCE INFORMATION**

Do you currently have the insurance coverage listed below?

Coverage Type	Yes	No	Insurer	Limits	Deductible	Policy Period	Retroactive Date
Mortgage Holder's Liability, including:							
• Flood Hazard Determination Liability							
• Mortgage Life and Disability Insurance Placement Liability							
• Mortgage Insurance Placement Liability							
• Seller/Service Liability Coverage							
• Title Liability Coverage							

**VII. PRIOR KNOWLEDGE DECLARATIONS**

No person proposed for coverage is aware of any facts or circumstances which he or she has: (1) reason to suppose might give rise to a future claim that would fall within the scope of the proposed coverage, or (2) given notice under the provisions of any prior or current Mortgage Holder's Liability Insurance or similar insurance, except (if no exceptions, please state): \_\_\_\_\_

It is agreed that if such facts or circumstances exist, whether or not disclosed, any claim or action arising from them is excluded from this proposed coverage.

**VIII. OPTIONAL COVERAGE C COVERAGES**

The following optional coverages are desired:

Yes      No

       **A.** Flood Hazard Determination Liability Coverage  
If "Yes," E.7. in section III, above must be answered.

       **B.** Mortgagee Life and Disability Insurance Placement Liability  
If "Yes," number of mortgages for which the Applicant escrows premiums for mortgage life and disability insurance? \_\_\_\_\_

       **C.** Mortgage Insurance Placement Liability Coverage  
If "Yes," number of mortgages for which the Applicant escrows premiums for private mortgage insurance? \_\_\_\_\_

       **D.** Seller/Service Liability Coverage  
If "Yes," number of mortgages originated, serviced for, or sold to FHLMC, FNMA or GNMA?  
\_\_\_\_\_

       **E.** Title Liability Coverage  
If "Yes," please describe procedures for placing and verifying title Insurance on each and every mortgage the Applicant originates, services or sells:

**NOTICE TO FLORIDA APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE, OR MISLEADING INFORMATION IS GUILTY OF A FELONY OF THE THIRD DEGREE.**

**NOTICE TO OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE / SHE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.**

**WARNING: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME AND SUBJECTS (VT: MAY BE COMMITTING A CRIME SUBJECTING) THE PERSON TO CRIMINAL AND (NY: SUBSTANTIAL) CIVIL PENALTIES. IN THE DISTRICT OF COLUMBIA, LOUISIANA, MAINE, TENNESSEE, VIRGINIA AND WASHINGTON, INSURANCE BENEFITS MAY ALSO BE DENIED.**

\_\_\_\_\_  
Applicant's Signature (of a principal, partner or officer, including their title)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agency and Code Number

\_\_\_\_\_  
Agent's Name and License Number (Florida only)

# MORTGAGE HOLDER'S INSURANCE COVERAGE FORM

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# MORTGAGE HOLDER'S INSURANCE COVERAGE FORM

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# MORTGAGE HOLDER'S INSURANCE COVERAGE FORM

**NOTICE: THIS INSURANCE COVERAGE CONTAINS CLAIMS-MADE COVERAGE, EXCEPT AS MAY BE OTHERWISE PROVIDED HEREIN, THIS INSURANCE IS LIMITED TO "WRONGFUL ACTS" FOR WHICH "CLAIMS" ARE FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. PLEASE READ AND REVIEW THIS INSURANCE CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR AGENT.**

Various provisions in this Coverage Part restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under **SECTION II - WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION V - DEFINITIONS** of this Coverage Form.

## SECTION I - COVERAGES

### COVERAGE A. MORTGAGE HOLDER'S INTEREST

#### 1. Insuring Agreement

We will pay for loss of your "mortgage holder's interest" resulting from direct physical "loss" to Covered Property by any Covered Cause of Loss that takes place during the policy period shown in the Declarations. The "loss" you incur must result from "lack of insurance" whether or not a result of your error or accidental omission and provided the mortgagor does not pay the regular mortgage payment on the due date. You must take prompt action to collect the unpaid balance of the mortgage debt. You must not release the mortgagor from obligation to pay the unpaid balance because of "loss" to covered property.

##### a. Covered Property

Covered property means:

- (1) Real property; and
- (2) Personal property financially secured in connection with that real property.

Covered property includes such property

- (1) During and after your foreclosure; and
- (2) Sold under an agreement in which you retain title, such as a conditional sales agreement.

##### b. Property Not Covered

Covered property does not include:

- (1) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- (2) Land (including land on which the property is located), water, growing crops or lawns; or
- (3) "Electronic data".

#### 2. COVERAGE A. - Additional Coverages

Unless stated otherwise within an individual Additional Coverage, the limits of Insurance applicable to the Additional Coverages are included within, and are not in addition to, the Limits of Insurance stated in the Declarations for **COVERAGE A. MORTGAGE HOLDER'S INTEREST**.

##### a. Mortgages for Various Guaranteeing Agencies

We will pay for your loss resulting from your failure due to error or accidental omission to notify the Veterans' Administration, Federal Housing Administration or Private Mortgage Insurance Company, as guaranteeing agency, of mortgage payments that are in arrears within the notice period required by each agency.

This Additional Coverage applies only to loss you sustain when the mortgagee sells the property. The most we will pay is 75% of the difference between the guarantee value and the proceeds of the sale.

##### b. Mortgages Serviced for Others

We will cover:

- (1) Your interest in participation loans; and
- (2) Mortgages owned by others and serviced by you as if you owned the "mortgage holder's interest" in them. All such mortgages must be serviced under a written contract.

We will make loss payments payable jointly to you and the mortgage owner.

## **COVERAGE B. PROPERTY OWNED OR HELD IN TRUST**

### **1. Insuring Agreement**

We will pay for direct physical "loss" to covered property caused by or resulting from any "specified causes of loss" that takes place during the policy period shown in the Declarations, provided the "loss" is not otherwise insured, due to error or accidental omission by you or your representative in procuring and maintaining valid insurance payable to you as owner or trustee of the covered property.

#### **a. Covered Property**

Covered property for **COVERAGE B.** means real and personal property:

- (1) You own; or
- (2) In which you have a fiduciary interest as trustee or otherwise.

#### **b. Property Not Covered**

Covered property does not include:

- (1) Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- (2) Land (including land on which the property is located), water, growing crops or lawns; or
- (3) "Electronic data".

### **2. COVERAGE B. - Time Period**

Coverage on each item of covered property applies only during the time period that:

- a. Begins on the day you acquire the covered property or your fiduciary interest in it begins; and
- b. Ends on the earlier of:
  - (1) 90 days after the date in paragraph a. above; or
  - (2) The day other insurance on the property is obtained.

## **COVERAGES A. AND B. COVERED CAUSES OF LOSS**

The Covered Causes of Loss are those causes of loss against which you customarily require mortgagors to provide insurance policies that protect your "mortgage holder's interest". They do not include:

1. Causes of Loss excluded under **EXCLUSIONS - COVERAGES A. AND B.**; or
2. Losses insured under mortgage guarantee insurance policies or programs, or title, life, health or accident, or disability insurance policies.

## **COVERAGES A. AND B. - ADDITIONAL COVERAGES**

Unless stated otherwise within an individual Additional Coverage, the limits of Insurance applicable to the Additional Coverages are included within, and are not in addition to, the Limits of Insurance stated in the Declarations for **COVERAGES A. AND B.**

### **1. Collapse**

The **Additional Coverage - Collapse** applies only if collapse is a coverage for which you customarily require mortgagors to provide insurance.

#### **a. With respect to buildings:**

- (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 intended purpose.
- (2) A building or any part of a building that is in imminent danger of collapse is not considered to be in a state of collapse.
- (3) A building that is standing or any part of a building that is standing is not considered to be in state of collapse even if it:
  - (a) Has separated from another part of a building; or
  - (b) Shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinking or expanding.

#### **b. We will pay for "loss" to covered property, caused by collapse of a building or any part of a building insured under this Coverage Part, if the collapse is caused by one or more of the following:**

- (1) "Specified causes of loss" and breakage of building glass as provided under this Coverage Part;
- (2) Decay that is hidden from view, unless the presence of such decay is known or should reasonably have been 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 or should reasonably have been known to an insured prior to collapse;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;

- (6) Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation. However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in **b.(1)** through **b.(5)** of this Additional Coverage, we will pay for "loss" even if the use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

The criteria set forth in **a.(1)** through **a.(3)** above do not limit the coverage otherwise provided for the causes of loss listed in **b.(1)**, **b.(4)**, or **b.(5)** of this paragraph.

- c. If the following is covered property under this Coverage Part:
- (1) Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
  - (2) Awnings, gutters and downspouts;
  - (3) Yard fixtures;
  - (4) Outdoor swimming pools;
  - (5) Fences;
  - (6) Piers, wharves and docks;
  - (7) Beach or diving platforms, including their appurtenances;
  - (8) Retaining walls; and
  - (9) Walks, roadways and other paved surfaces;

we will pay for "loss" caused by its collapse, if such "loss" is a direct result of the collapse of a building or structure insured under this Coverage Part. That building collapse must be caused by a cause of loss listed in **b.(1)** through **b.(6)** of this **Additional Coverage - Collapse**.

- d. If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building or structure, we will pay for "loss" to covered property caused by such collapse of personal property only if:
- (1) The collapse was caused by a cause of loss listed in **b.(1)** through **b.(6)** of this Additional Coverage;
  - (2) The personal property that collapses is inside a building; and
  - (3) The property that collapses is not of a kind listed in Paragraph **c.** of this Additional Coverage, regardless of

whether that kind of property is considered to be personal property or real property.

However, the coverage stated in this Paragraph **d.** does not apply to personal property if marring and / or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinking or expanding.

## 2. Fungi, Wet Rot, Dry Rot, and Bacteria

- a. The coverage described in **b.** and **c.** below only applies when the "fungi", wet or dry rot or bacteria is the result of a Covered Cause of Loss that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- b. We will pay for "loss" by "fungi", wet or dry rot or bacteria. As used in this Limited Coverage, the term "loss" means:
- (1) Direct physical "loss" to covered property caused by "fungi", wet or dry rot or bacteria, including the cost of removal of the "fungi", wet or dry rot or bacteria;
  - (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet or dry rot or bacteria; and
  - (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet or dry rot or bacteria are present.
- c. The coverage described in Paragraph **b.** above is limited to the Limit of Insurance stated in the Declarations for the Fungi, Wet Rot, Dry Rot, and Bacteria Additional Coverage. Regardless of the number of claims, this limit is the most we will pay for the total of all "loss" arising out of all occurrences which take place in the "coverage term". With respect to a particular occurrence of "loss" which results in "fungi", wet or dry rot or bacteria, we will not pay more than the Limit of Insurance stated in the Declarations for the Fungi, Wet Rot, Dry Rot, and Bacteria Additional Coverage even if the "fungi", wet or dry rot or bacteria continues to be present or active, or recurs, in a later "coverage term".
- d. If there is covered "loss" to covered property, not caused by "fungi", wet or dry rot

or bacteria, loss payment will not be limited by the terms of this Limited 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 Limited Additional Coverage.

- e. The terms of this Additional Coverage do not increase or reduce the coverage provided under the Collapse Additional Coverage.

## EXCLUSIONS - COVERAGES A, AND B.

The following exclusions apply to **COVERAGES A, and B.**

1. This insurance does not apply to:

### Knowledge of Error or Omission

"Loss" occurring more than 90 days after you know or reasonably should have known that an error or omission may have occurred.

2. We will not pay for "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss":

#### a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any building or structure; or
- (2) Requiring the tearing down of any building or structure, including the cost of removing its debris.

This exclusion applies whether "loss" results from:

- (1) An ordinance or law that is enforced even if the building or structure has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of any building or structure, or removal of its debris, following a physical "loss" to that building or structure.

#### b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than "sinkhole collapse"), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **b.(4)** above, results in fire or explosion, we will pay for the "loss" caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the "loss" caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct "loss" resulting from the eruption of a volcano when the "loss" is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 - hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical "loss" to the described property.

#### c. Errors in Systems Programming

- (1) Errors or omissions in the development of, programming of, or instructions to:
  - (a) Software;
  - (b) "Electronic data" processing equipment;
  - (c) A machine;
  - (d) Telephone equipment; or
- (2) "Electronic data" processing media which is faulty, inadequate or defective for the use intended at the time of "loss".

This Errors in Systems Programming exclusion does not apply to ensuing "loss" caused by or resulting from any of the "specified causes of loss".

**d. Governmental Action**

Seizure or destruction of property by order of governmental authority.

However, we will pay for "loss" caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**e. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

**f. Utility Services**

The failure of power or other utility services supplied to the "premises", however caused, if the failure occurs away from the covered "premises". Failure includes lack of sufficient capacity and reduction in supply. However, if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for that portion of "loss" caused by that Covered Cause of Loss.

**g. War and Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

**h. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water or waterborne material that backs up through or overflows or is discharged from a sewer, drain, septic system, sump pump or related equipment; or
- (4) Water or waterborne material under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or

- (c) Doors, windows or other openings.

But if water, as described in **h.(1)** through **h.(4)** above results in fire, explosion or sprinkler leakage, we will pay for that portion of "loss" caused by that fire, explosion or sprinkler leakage.

**i. Fungi, Wet Rot, Dry Rot, and Bacteria**

- (1) Presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot or bacteria.

But if "fungi", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the "loss" caused by that "specified cause of loss".

- (2) This exclusion does not apply:

- (a) When "fungi", wet or dry rot or bacteria results from fire or lightning; or
- (b) To the extent that coverage is provided in **SECTION I - COVERAGES, COVERAGES A. AND B. - ADDITIONAL COVERAGES, Additional Coverage 2. Fungi, Wet Rot, Dry Rot, and Bacteria** with respect to "loss" from a cause of loss other than fire or lightning.

Exclusions **2.a.** through **2.i.** apply whether or not the "loss" event results in widespread damage or affects a substantial area.

- 3. We will not pay for "loss" caused by or resulting from:

- a. Discharge, dispersal, seepage, migration, release, escape or emission of "pollutants" unless the discharge, dispersal, seepage, migration, release, escape or emission is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release, escape or emission of "pollutants" results in a "specified cause of loss", we will pay for the "loss" caused by that "specified cause of loss".

This exclusion does not apply to "loss" to glass caused by chemicals applied to the glass.

- b. Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for that resulting "loss".

- c. Neglect of an insured to use all reasonable means to save and preserve prop-

erty from further damage at and after the time of "loss".

4. We will not pay for "loss" by or resulting from any of the following, **4.a.** through **4.d.** But if an excluded cause of loss that is listed in **4.a.** through **4.d.** results in a Covered Cause of Loss, we will pay for the "loss" caused by that Covered Cause of Loss.
  - a. Collapse, except as provided below in **SECTION I - COVERAGES, COVERAGES A. AND B. - ADDITIONAL COVERAGES**, Additional Coverage 1. **Collapse**.
  - b. Weather conditions, if weather conditions contribute in any way with a cause or event excluded in **EXCLUSIONS - COVERAGES A. AND B., 2.a.** through **2.h.** to produce the "loss".
  - c. Acts or decisions, including the failure to act or decide, of any person, group or organization or governmental body.
  - d. Defects, Errors, and Omissions, meaning:
    - (1) An act, error, or omission (negligent or not) relating to:
      - (a) Land use;
      - (b) Design, specifications, construction, workmanship;
      - (c) Planning, zoning, development, surveying, siting; grading, compaction; or
      - (d) Maintenance, installation, renovation, repair, remodeling;of part or all of any property on or off the "premises".
    - (2) A defect, weakness, inadequacy, fault, or unsoundness in materials used in construction or repair of part or all of any property on or off the premises; or
    - (3) The cost to make good any error in design.

## **COVERAGE C. MORTGAGE HOLDER'S LIABILITY**

### **1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as "damages" due to a "claim" first reported during the "coverage term" which arises directly from a "wrongful act" committed, attempted or allegedly committed or attempted on or after the Retroactive Date, if any, set forth in the Declarations and prior to the end of the Policy Period by an insured or any person for whose acts the

insured is legally liable. We will have the right and duty to defend the insured against any "suit" seeking those "damages". However, we have no duty to defend the insured against a "suit" seeking "damages" to which this insurance does not apply. We may, at our discretion, investigate any incident and settle any "claim" that may result. But:

- (1) The amount we will pay for "damages" is limited as described in **SECTION III - LIMITS OF INSURANCE**; and
- (2) Our right and duty to defend ends when we have used up the Limits of Insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless expressly provided for under **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY**, Paragraph **3. Supplementary Payments - COVERAGE C.**

- b. This insurance applies to all "claims" covered hereunder only if:
  - (1) The "wrongful act" takes place in the "coverage territory";
  - (2) They arise out of your capacity as a mortgage holder, mortgage fiduciary or mortgage servicing agency; and
  - (3) They are first made against any insured in accordance with Paragraph **c.** below during the "coverage term" or any Extended Reporting Period we may provide under **SECTION VI - EXTENDED REPORTING PERIODS.**
- c. A "claim" will be deemed to have been first made at the earlier of the following times:
  - (1) When an insured reports to us or another insurer in writing an incident or circumstance that may lead to a "claim"; or
  - (2) When notice of such "claim" is received in writing by an insured or by us, whichever comes first.

### **2. Exclusions - COVERAGE C.**

This insurance does not apply to:

#### **a. Asbestos**

- (1) Injury arising out of, attributable to, or any way related to asbestos in any form or transmitted in any manner; or
- (2) Any "claim" arising out of, resulting from, or in any way caused by the

failure to discover or disclose the existence or amount of asbestos.

**b. Bodily Injury, Personal Injury or Property Damage**

"Bodily injury", "personal injury" or "property damage".

**c. Contractual Liability**

Any obligation or liability of others assumed by an insured under any contract or agreement, either oral or written, except to the extent the insured would have been liable in the absence of the contract or agreement.

**d. Expected or Intended Injury**

Liability for injury or damage which may reasonably be expected to result from the intentional or criminal acts of an insured or which is in fact expected or intended by the insured, even if the injury or damage is of a different degree or type than actually expected or intended.

**e. Fees or Charges**

"Damages" arising from or in consequence of disputes involving fees or charges for the insured's services.

**f. Fungi or Bacteria**

(1) Any liability caused directly or indirectly, in whole or in part, by any actual, alleged or threatened:

- (a) Inhalation of;
- (b) Ingestion of;
- (c) Contact with;
- (d) Absorption of;
- (e) Exposure to;
- (f) Existence of; or
- (g) Presence of,

any "fungi" or bacteria on or within a building or structure, including its contents, whether occurring suddenly or gradually;

(2) Any loss, cost or expense associated in any way with, or arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating, mitigating or disposing of, or in any way responding to, investigating, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity;

(3) Any liability, with respect to "fungi" or bacteria, arising out of, resulting from,

caused by, contributed to, or in any way related to any supervision, instruction, recommendation, warning or advice given or which should have been given in connection with:

- (a) The existence of "fungi" or bacteria;
- (b) The prevention of "fungi" or bacteria;
- (c) The remediation of "fungi" or bacteria; or
- (d) Any operation described in Paragraph f.(2) above; or

(4) Any obligation to share "damages" with or repay any person, organization or entity, related in any way to the liability excluded in Paragraphs f.(1), (2) or (3) above;

regardless of any other cause, event, material, product and / or building component that contributed concurrently or in any sequence to the injury or damage.

However this exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for human ingestion.

**g. Lead, Radon or Electromagnetic Fields**

(1) Any "claim" arising out of, resulting from, or in any way caused by or contributing to the actual, alleged or threatened ingestion, inhalation, absorption of, exposure to or presence of lead, radon or electromagnetic field of any frequency in any form emanating from any source.

(2) Any loss, cost or expense arising out of, resulting from or in any way related to any:

(a) "Claim", request, demand, directive, or order by or on behalf of any person, entity, or governmental authority that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to, or assess the effects of lead, radon or electromagnetic field of any frequency in any form;

(b) "Claim" by or on behalf of any person, entity, or governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating or detoxifying or neutralizing, or in any way responding to, or assessing the effects of

lead, radon or electromagnetic field of any frequency in any form.

- (3) Any "claim" arising out of, resulting from, or in any way caused by the failure to discover or disclose the existence or amount of lead, radon or electromagnetic field of any frequency.

#### **h. Lender Liability**

"Damages" for the purchase, sale, participation, syndication, grant, commitment, restructure, termination, transfer, repossession or foreclosure of any loan, lease or extension of credit, or any failure to do any of the foregoing, or the rendering of advice in connection with any loan, lease or extension of credit.

#### **i. Nuclear**

Any liability based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving the hazardous properties, including radioactive, toxic or explosive properties, of any nuclear material. Nuclear material means any source material, special nuclear material, or by-product materials as those terms are defined under the Atomic Energy Act of 1954 or any amendments thereto.

#### **j. Pollutant**

- (1) Any liability arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release, escape or emission of "pollutants", including any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants"; or

- (2) Any "claim" arising out of, resulting from, or in any way caused by the failure to discover or disclose the existence or amount of "pollutants".

#### **k. Prior Known Acts**

Any "claim" arising from a "wrongful act" committed, attempted, or allegedly committed or attempted prior to the effective date of this Coverage Part if:

- (1) Notice of a "claim" or circumstances which may lead to a "claim" have been reported under any previous policy, whether or not coverage applied, of which this Coverage Part is a renewal or replacement or which it may succeed in time; or

- (2) The insured knew or should have reasonably foreseen, prior to the effective date of the first consecutive Coverage Part issued by us, that such circumstances might be the basis of a "claim"; or

- (3) Notice of a "claim" or circumstances which may lead to a "claim" is based upon, arises out of, directly or indirectly results from or in consequence of, or in any way involves any prior or pending litigation, arbitration or administrative action as of the effective date of the first consecutive Coverage Part issued to the insured by us.

#### **l. War**

Injury, however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

### **3. Supplementary Payments - COVERAGE C.**

We will pay, with respect to any "claim" we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.

- b. The cost of bonds to release attachments or appeal a judgment or award in any "suit" we defend, but only for bond amounts within our Limits of Insurance. We do not have to furnish these bonds.

- c. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the "claim", in-

cluding actual loss of earnings up to \$300 a day because of time off from work.

- d. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- e. Prejudgment interest awarded against the insured on that part of the judgment we become obligated to pay and which falls within the applicable Limit of Insurance. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest that is based on that period of time after the offer.
- f. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.

## SECTION II - WHO IS AN INSURED

### A. With respect to **COVERAGE A. MORTGAGE HOLDER'S INTEREST** and **COVERAGE B. PROPERTY OWNED OR HELD IN TRUST**:

The entity or entities listed in the Declarations as a Named Insured.

### B. With respect to **COVERAGE C. MORTGAGE HOLDER'S LIABILITY**:

- 1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

### 2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
  - (1) With respect to liability arising out of the maintenance or use of that property; and
  - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

### 3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Insurance under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- b. **COVERAGE C. MORTGAGE HOLDER'S LIABILITY** does not apply to "wrongful acts" that were committed, attempted or allegedly committed or attempted:
  - (1) Before you acquired or formed the organization; or
  - (2) Prior to the Retroactive Date, if any, set forth in the declarations.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III - LIMITS OF INSURANCE

A. Under **COVERAGE A. MORTGAGE HOLDER'S INTEREST OR COVERAGE B. PROPERTY OWNED OR HELD IN TRUST**, we will not pay more than the least of:

1. The amount of direct physical "loss" to covered property determined in accordance with the insurance policy or policies as required in the mortgage agreement which would have been in effect had a "lack of insurance" not occurred, less the amount of any other insurance recovery payable to you on the covered property;
2. The amount that would have been paid to you under insurance policies you would customarily have procured and maintained if the error or accidental omission had not occurred;
3. The amount of your "mortgage holder's interest" (applicable under **SECTION I - COVERAGES, COVERAGE A. MORTGAGE HOLDER'S INTEREST**); or
4. The Limits of Insurance shown in the Declarations.
5. **Deductible.** We will not pay for "loss" in any one "occurrence" until the amount of "loss" exceeds the deductible indicated in the Declarations. We will then pay the amount of "loss" in excess of the deductible subject to the Limits of Insurance.

B. Under **COVERAGE C. MORTGAGE HOLDER'S LIABILITY** the following sets forth the most we will pay:

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. "Claims" made or brought; or
  - c. Persons or organizations making or bringing "claims".
2. The Aggregate Limit is the most we will pay for the sum of all "damages" arising from all "claims" to which this insurance applies.
3. The Each Wrongful Act Limit is the most we will pay for the sum of all "damages" arising out of one "wrongful act".

All "damages" arising out of the same "wrongful act" and all "interrelated wrong-

ful acts" shall be deemed one "wrongful act" and have been deemed to have originated in the earliest "coverage term" in which a "claim" is first made against any insured alleging any such "wrongful act" or "interrelated wrongful acts".

4. **Deductible.** Our obligation to pay "damages" resulting from "claims" arising out of a "wrongful act" or "interrelated wrongful acts" applies only to the amount of "damages" in excess of the deductible amount, if any, stated in the Declarations.

However, the deductible does not apply to **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY, Paragraph 3. Supplementary Payments - COVERAGE C.**

5. **Reimbursement.** If we have paid any amounts in settlement or satisfaction of "claims" or judgments in excess of the limit of insurance, or within the amount of the deductible, the insureds, jointly and severally, shall be liable to us for any and all such amounts, including reasonable fees and expenses incurred by us in collecting those amounts.

The Limits of Insurance of this Coverage Part applicable to **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY** apply separately to each "coverage term".

### SECTION IV - CONDITIONS

The following conditions apply in addition to the **COMMON POLICY CONDITIONS** and **COMMERCIAL PROPERTY CONDITIONS**, unless otherwise noted herein:

A. **Conditions Applicable to COVERAGE A. MORTGAGE HOLDER'S INTEREST**

#### 1. **Transfer of Mortgage - COVERAGE A.**

We and all other insurance companies covering a "loss", if in agreement, may pay you an amount equal to the outstanding balance on the mortgage, even if that amount is greater than the amount of "loss". If so, we and the other insurance companies may demand and receive a full assignment of the mortgage, including all securities held as collateral for the debt, as interests may appear.

#### 2. **Mortgages Serviced for Others - COVERAGE A.**

If you service mortgages owned by the FHLMC, FNMA or GNMA and you fail to file a claim under this Coverage Part, then FHLMC, FNMA or GNMA have the right to file the claim directly with us. We will settle such claims as though they were made by you.

**B. Conditions Applicable to COVERAGE B. PROPERTY OWNED OR HELD IN TRUST**

**1. Our Options - COVERAGE B.**

In the event of "loss" covered under **COVERAGE B.**, at our option, we will either:

- a. Pay the value of lost or damaged property;
- b. Pay the cost of repairing or replacing the lost or damaged property;
- c. Take all or any part of the property at an agreed or appraised value; or
- d. Repair, rebuild or replace the property with other property of like kind and quality.

We will give notice of our intentions within 30 days after we receive the sworn statement of loss.

We will not pay you more than your insurable interest in the covered property.

**2. Recovered Property - COVERAGE B.**

If either you or we recover any property after "loss" settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.

**3. Valuation - COVERAGE B.**

We will determine the value of covered property in the event of "loss" at actual cash value as of the time of "loss".

**C. Conditions Applicable to COVERAGE A, MORTGAGE HOLDER'S INTEREST AND COVERAGE B. PROPERTY OWNED OR HELD IN TRUST**

**1. Appraisal - COVERAGES A, and B, Only**

If we and you disagree on the amount of "loss", either may make written demand for an appraisal of the "loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately 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 be binding. Each party will:

- a. Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**2. Loss Payment**

We will pay for covered "loss" to covered property within 30 days after we receive the sworn statement of loss, if you have complied with all of the terms of this Coverage Part; and

- a. We have reached agreement with you on the amount of "loss"; or
- b. An appraisal award has been made.

**3. Policy Period, Coverage Territory**

The following replaces Condition **H. Policy Period, Coverage Territory** in the Commercial Property Conditions.

Under this Coverage Part **COVERAGES A. and B.** only apply to:

- a. "Loss" that occurs during the policy period shown in the Declarations. The date of error or accidental omission does not have to be within the policy period.
- b. "Loss" arising from errors or accidental omissions in connection with insurance policies on property located in:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.

**D. Conditions Applicable to COVERAGE C. MORTGAGE HOLDER'S LIABILITY**

**1. Bankruptcy - COVERAGE C.**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

**2. Legal Action Against Us - COVERAGE C.**

The following replaces Condition **D. Legal Action Against Us** in the Commercial Property Conditions.

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for "damages" from you; or

- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against you obtained after an actual trial, but we will not be liable for "damages" that are not payable under the terms of this Coverage Part or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, you and the claimant or the claimant's legal representative.

### 3. Other Insurance - COVERAGE C.

The following replaces Condition **G. Other Insurance** in the Commercial Property Conditions.

This insurance is excess over, and shall not contribute with any other insurance, whether primary, excess, contingent or on any other basis. This condition will not apply to insurance specifically written as excess over this Coverage Part.

### 4. Separation of Insureds - COVERAGE C.

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

## E. Conditions Applicable to COVERAGE A. MORTGAGE HOLDER'S INTEREST, COVERAGE B. PROPERTY OWNED OR HELD IN TRUST and COVERAGE C. MORTGAGE HOLDER'S LIABILITY

### 1. Abandonment

There can be no abandonment of any property to us.

### 2. Duties In the Event of Loss or Claim

As a condition precedent to coverage under this Coverage Part:

#### a. Under COVERAGES A. and B.:

- (1) You must see that the following are done in the event of "loss" to covered property:
  - (a) Notify the police if a law may have been broken.
  - (b) Give us prompt notice of the "loss" once you are aware of

it. Include a description of the property involved.

- (c) Take all reasonable steps to protect the covered property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limits of Insurance.

- (d) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss or damage claimed.

- (e) As often as may be reasonably required, permit us to inspect the property proving the "loss" and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (f) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- (g) Cooperate with us in the investigation or settlement of the claim.

- (2) We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### b. Under COVERAGE C.:

- (1) You shall give us written notice as soon as practicable of any

"claim" made against an insured for a "wrongful act" and you, and any other involved insured, shall give such information and cooperation as we may reasonably require, including but not limited to a description of the "claim", the nature of the alleged "wrongful act", the nature of the alleged injury, the names of the claimants, and the manner in which the insured first became made aware of the "claim".

- (2) You, and any other involved insured, shall provide us with all information, assistance and cooperation which we reasonably request and agree that in the event of a "claim" you, and any other involved insured, will do nothing that may prejudice our position or our potential or actual rights of recovery.
- (3) You, and any other involved insured, shall not settle any "claim", incur any costs, except at your or that other insured's expense, or otherwise assume any contractual obligation or admit any liability with respect to any "claim" without our written consent, which shall not be unreasonably withheld. We shall not be liable for any settlement, costs, assumed obligation or admission to which we have not consented.

### 3. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If:
  - (1) The earned premium is less than the deposit premium, we will return the excess to the first Named Insured; or
  - (2) The earned premium is greater than the deposit premium, the difference will be due and payable to us by the first Named Insured upon notice from us.

- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

### 4. Transfer of Rights of Recovery Against Others to Us

The following replaces Condition I, **Transfer of Rights of Recovery Against Others to Us** in the Commercial Property Conditions.

- a. Under **COVERAGES A**, and **B**., if any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after "loss" to impair them. But you may waive your rights against another party in writing:
  - (1) Prior to a "loss" to your covered property;
  - (2) After a "loss" to your covered property only if, at time of "loss", that party is one of the following:
    - (a) Someone insured by this insurance;
    - (b) A business firm:
      - 1) Owned or controlled by you; or
      - 2) That owns or controls you; or
    - (c) Your tenant.

This will not restrict your insurance.

- b. Under **COVERAGE C**., if you have rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. You must do nothing after loss to impair them. At our request, you will bring "suit" or transfer those rights to us and help us enforce them.

### 5. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

## 6. Your Duties

a. You agree to follow these procedures with respect to **COVERAGE A. MORTGAGE HOLDER'S INTEREST:**

- (1) You will require in the mortgage agreement that the mortgagor maintain a hazard policy for:
  - (a) The amount of the mortgage balance; or
  - (b) The replacement value of the "covered property".
- (2) You will confirm you are named as the mortgagee of the hazard policy.
- (3) When you become aware the required hazard policy is no longer in effect, you will secure insurance for the Covered Causes of Loss within 90 days.

b. You must make every reasonable effort, with respect to:

- (1) **COVERAGE B. PROPERTY OWNED OR HELD IN TRUST**, to procure and maintain valid insurance against the "specified causes of loss" in amounts, and under conditions, you customarily require to protect your interest as owner, fiduciary or trustee of the covered property.
- (2) **COVERAGE C. MORTGAGE HOLDER'S LIABILITY:**
  - (a) To maintain valid insurance against the Covered Causes of Loss in amounts, and under conditions, customarily accepted by the mortgagor, as agreed.
  - (b) To promptly pay real estate taxes, if agreed to, on behalf of the mortgagor.

## 7. Representations

By accepting this Coverage Part, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this Coverage Part in reliance upon your representations.

## SECTION V - DEFINITIONS

1. "Bodily injury" means injury to the body, sickness or disease sustained by any person, in-

cluding death resulting from any of these at any time; including any mental injury, mental anguish, mental tension, emotional distress, pain or suffering or shock sustained by any person, whether or not resulting from injury to the body, sickness, disease or death of any person.

2. "Claim" means:

- a. Any written demand for monetary relief; or
- b. A "suit",

made against any insured seeking to hold such insured responsible for "damages" due to injury arising from a "wrongful act".

A "claim" does not include criminal proceedings of any type, or any proceeding that seeks injunctive, declaratory, equitable or non-pecuniary remedies of any type.

3. "Computer programs" means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. "Coverage term" means the following individual increment, or if a multi-year policy period, increments, of time, which comprise the policy period of this Coverage Part:

- a. The year commencing on the Effective Date of this Coverage Part at 12:01 A.M. standard time at your mailing address shown in the Declarations, and if a multi-year policy period, each consecutive annual period thereafter, or portion thereof if any period is for a period of less than 12 months, constitute individual "coverage terms". The last "coverage term" ends at 12:00 A.M. standard time at your mailing address shown in the Declarations on the earlier of:

- (1) The day the policy period shown in the Declarations ends; or
- (2) The day the policy to which this Coverage Part is attached is terminated or cancelled.

- b. However, if after the issuance of this Coverage Part, any "coverage term" is extended for an additional period of less than 12 months, that additional period of time will be deemed to be part of the last preceding "coverage term".

5. "Coverage territory" means anywhere. However, the insured's responsibility to pay "damages" must be determined in a "suit" on the merits, in the United States of America, its territories or possessions, Puerto Rico, Canada or in a settlement we agree to.

6. "Damages" means the compensatory monetary portion of any judgment, award or settlement, provided such settlement is negotiated with our assistance and approval. "Damages" shall not include:
  - a. Compensation for "property damage";
  - b. Personal profit or advantage to which the insured was not legally entitled;
  - c. Criminal or civil fines, taxes, penalties (statutory or otherwise), fees or sanctions;
  - d. Punitive, exemplary or multiple damages;
  - e. Matters deemed uninsurable by law;
  - f. Amounts held in escrow or otherwise on behalf of clients or third parties; or
  - g. Any form of equitable or non-monetary relief.
7. "Electronic data" means information, facts or "computer programs" stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment.
8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
10. "Fungi" means any type or form of fungus, and includes, but is not limited to, any form or type of mold, mushroom or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.
11. "Interrelated wrongful acts" means "wrongful acts" which arise out of and have as a common basis:
  - a. Related circumstances, situations, events, transactions or facts;
  - b. A series of related circumstances, situations, events, transactions or facts; or
  - c. A common pattern of conduct in selling, providing or servicing products or services to which this insurance applies.
12. "Lack of Insurance" means insurance that:
  - a. Is non-existent, inadequate, invalid, uncollectible; or
  - b. Does not list you as mortgage holder.
13. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" includes supervisors furnished to you by the labor leasing firm. "Leased worker" does not include a "temporary worker".
14. "Loss" means accidental loss or damage.
15. "Mortgage holder's interest" means your interest, as mortgage holder, in real or personal property, including your interest in any legal fiduciary capacity.
16. "Occurrence" means a single event causing direct physical "loss" within a 72-hour period to "covered property". The expiration of this Coverage Part will not reduce the 72-hour period.
17. "Personal injury" means injury, including "bodily injury", arising out of one or more of the following offenses:
  - a. Defamation of character, including, but not limited to, libel or slander;
  - b. Violation of a right of privacy;
  - c. False arrest, detention or imprisonment;
  - d. Wrongful entry or eviction; or
  - e. Malicious prosecution or abuse of process.
18. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, petroleum and petroleum by-products, and waste. Waste includes materials to be recycled, reconditioned or reclaimed. "Pollutants" include but are not limited to substances which are generally recognized in industry or government to be harmful or toxic to persons, property, or the environment regardless of whether injury or damage is caused directly or indirectly by the "pollutants" and whether:
  - a. The insured is regularly or otherwise engaged in activities which taint or degrade the environment; or
  - b. The insured uses, generates or produces the "pollutant".
19. "Property damage" means:
  - a. Injury or damage, of any nature, to tangible or intangible property, including all resulting loss of use of that property; or
  - b. Loss of or loss of use of tangible or intangible property that is not otherwise injured or damaged.

20. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. This does not include:
- The cost of filling sinkholes;
  - Sinking or collapse of land into man-made subterranean cavities; or
  - The value of the land.
21. "Specified causes of loss" means Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
- Falling objects does not include "loss" to:
    - Personal property in the open; or
    - The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
  - Volcanic action, means direct "loss" resulting from the eruption of a volcano when the "loss" is caused by:
    - Airborne volcanic blast or airborne shock waves;
    - Ash, dust or particulate matter; or
    - Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.
22. "Suit" means a civil proceeding in which "damages" because of injury to which this insurance applies are alleged. "Suit" includes:
- An arbitration proceeding in which such "damages" are claimed and to which the insured must submit or does submit with our consent;
  - Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which the insured submits with our consent; or
  - An appeal of a civil proceeding.
23. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
24. "Type A Mortgages" means those mortgages from which you retain the mortgagor's original hazard policy and all subsequent renewals.
25. "Type B Mortgages" means those mortgages for which you do not retain the mortgagor's original hazard policy.
26. "Wrongful act" means a negligent act, error or omission by an insured, or someone for whose actions you are legally liable, in:
- Procuring or maintaining insurance against direct physical "loss" to Covered Property for the benefit of both the mortgagor or the mortgagee in accordance with the terms of the mortgage agreement; or
  - Paying real estate taxes or real estate assessments on Covered Property on behalf of the mortgagor in accordance with the terms of the mortgage agreement.

#### SECTION VI - EXTENDED REPORTING PERIODS

The following applies with respect only to **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY**:

- Upon termination of this insurance for any reason, other than cancellation for non-payment of premium, we may provide one or more Extended Reporting Periods as described below.
  - Extended Reporting Periods do not extend the policy period or change the scope of coverage provided. They extend the "claims" reporting period.
  - Such Extended Reporting Periods will apply solely with respect to "claims" first made in accordance with **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY, 1. Insuring Agreement, b. and Exclusion k, Prior Known Acts**, Such "claims" must be reported to us prior to the expiration of the Extended Reporting Period.
  - A 60-day Basic Extended Reporting Period is automatically provided without additional charge.
- The Basic Extended Reporting Period does not reinstate or increase the Limits of Insurance of this Coverage Form.
- A Supplemental Extended Reporting Period is available, but only by endorsement and for an extra charge. This supplemental period starts when the Basic Extended Reporting Period, as set forth by Paragraph 4., ends.

The insured must give us a written request for this endorsement within 60 days of the termi-

nation of this insurance. The Supplemental Extended Reporting Period will not go into effect unless the insured pays the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The exposure insured;
- b. Previous types and amounts of insurance; and
- c. Other related factors.

The additional premium will not exceed 200% of the expiring annual premium of this Coverage Form.

The endorsement shall set forth any terms that differ from the basic coverage form applicable to the Supplemental Extended Reporting Period.

If the Supplemental Extended Reporting Period endorsement is in effect, we will provide a Supplemental Aggregate Limit of Insurance described below, but only for "claims" first made in accordance with **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY, 1. Insuring Agreement, b.** and Exclusion **k. Prior Known Acts** against any insured during our Extended Reporting Period.

The Supplemental Aggregate Limit of Insurance will be equal to the dollar amount shown in the Declarations for Aggregate Limit that is in effect at the end of the last policy period.

Any Extended Reporting Period will immediately terminate on the effective date and hour of any other insurance issued to you which replaces this insurance. If you notify us of the effective date of the other insurance, we will send you a refund of any pro rata unearned premium.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**LIFE AND DISABILITY INSURANCE PLACEMENT  
LIABILITY COVERAGE**

This endorsement modifies insurance provided under the following:

**MORTGAGE HOLDER'S INSURANCE COVERAGE PART**

**SECTION V - DEFINITIONS** is amended as follows:

Definition **26.** "Wrongful act" is amended to include the following:

"Wrongful act" means a negligent act, error or omission by an insured, or someone for whose actions you are legally liable, in procuring or maintaining valid life (including accidental death and dismemberment), health or disability insurance on the life or health of the mortgagor of the Covered Property for the benefit of the mortgagor and / or the mortgagee in accordance with the terms of the mortgage agreement.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MORTGAGE INTEREST FLOOD COVERAGE**

This endorsement modifies insurance provided under the following:

### **MORTGAGE HOLDER'S INSURANCE COVERAGE PART**

**A. SECTION I - COVERAGES, EXCLUSIONS - COVERAGES A, AND B,** is modified as follows:

It is agreed that exclusion **h. Water** does not apply to Covered Property under Coverage **A.**:

1. If such Covered Property is located in a Special Flood Hazard Area as defined by the Federal Emergency Management Agency;
2. If the mortgage agreement requires that the mortgagor carry "flood insurance"; and
3. Only to the extent that insurance coverage is provided under "flood insurance".

**B. SECTION III - LIMITS OF INSURANCE** is replaced by the following with respect only to the insurance coverage provided under this endorsement:

We will not pay more than the lesser of the following under Coverage **A.** for "loss" subject to "flood insurance":

1. The amount of direct physical "loss" to Covered Property determined in accordance with the "flood insurance" as required in the mortgage agreement which would have been in effect had a "lack of insurance" not occurred, less the amount of any other insurance recovery payable to you on the Covered Property;
2. The maximum amount available under the National Flood Insurance Program;
3. The amount of "flood insurance" you required in the mortgage agreement; or
4. The Limits of Insurance stated in the Declarations for Coverage **A.**
5. **Deductible.** We will not pay for "loss" in any one "occurrence" until the amount of "loss" exceeds the deductible indicated in the Declarations. We will then pay the amount of "loss" in excess of the de-

ductible subject to the Limits of Insurance.

The Limits of Insurance provided by this endorsement are included within, and not in addition to, the Limits of Insurance applicable to "loss" caused by any other Causes of Loss not addressed by "flood insurance".

**C. SECTION IV - CONDITIONS,** Paragraph **A. Conditions Applicable to COVERAGE A. MORTGAGE HOLDER'S INTEREST** is amended to include the following:

#### **Flood Insurance**

In the event "flood insurance" is required in a mortgage agreement:

- a. You will require in the mortgage agreement with the mortgagor that "flood insurance" be maintained for the lesser of the following:
  - (1) The amount of the mortgage balance;
  - (2) The replacement value of the "covered property"; or
  - (3) The maximum amount available in accordance with the National Flood Insurance Program.
- b. Covered Property eligible for this coverage must be located in an area:
  - (1) That has been classified by the Federal Emergency Management Agency as being subject to special flood hazards; and
  - (2) Where "flood insurance" is available according to the National Flood Insurance Act.

**D. SECTION V - DEFINITIONS** is amended to include the following:

"Flood insurance" means the type of coverage available under the National Flood Insurance Program.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FLOOD HAZARD DETERMINATION LIABILITY COVERAGE**

This endorsement modifies insurance provided under the following:

### **MORTGAGE HOLDER'S INSURANCE COVERAGE PART**

**SECTION V - DEFINITIONS** is amended as follows:

Definition **26**. "Wrongful act" is amended to include the following:

"Wrongful act" means a negligent act, error or omission by an insured, or someone for whose actions you are legally liable, in determining in accordance with the mortgage agreement, that Covered Property is located in a Special Flood Hazard Area as defined by the Federal Emergency Management Agency.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **MORTGAGE INSURANCE PLACEMENT LIABILITY COVERAGE**

This endorsement modifies insurance provided under the following:

### **MORTGAGE HOLDER'S INSURANCE COVERAGE PART**

**SECTION V - DEFINITIONS** is amended as follows:

**A.** Definition **26.** "Wrongful act" is amended to include the following:

"Wrongful act" means a negligent act, error or omission by an insured, or someone for whose actions you are legally liable, in determining in procuring or maintaining or failing to procure or maintain mortgage guarantee insurance from a "mortgage insurer".

**B.** The following definition is added:

"Mortgage insurer" means an organization that provides insurance which protects a mortgagee against the risk of financial default by a mortgagor.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SELLER / SERVICER LIABILITY COVERAGE**

This endorsement modifies insurance provided under the following:

### **MORTGAGE HOLDER'S INSURANCE COVERAGE PART**

**SECTION V - DEFINITIONS** is amended as follows:

Definition **26**. "Wrongful act" is amended to include the following:

"Wrongful act" means a negligent act, error or omission by an insured, or someone for whose actions you are legally liable, in:

- a) Verifying, certifying, recording, maintaining or storing documents affecting the interest of FHLMC, FNMA or GNMA in a loan or in the property offered as security for a loan, when acting as trustee for, or seller to, and/or servicer of mortgage loans for FHLMC, FNMA or GNMA;
- b) Paying FHLMC, FNMA or GNMA guarantee fees when due;
- c) Certifying or recertifying to FHLMC, FNMA or GNMA that all procedures required by FHLMC, FNMA or GNMA have been complied with and are being followed; or
- d) Complying with the procedure required by FHLMC, FNMA or GNMA, which results in the loss of the FHLMC, FNMA or GNMA guarantee.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TITLE LIABILITY COVERAGE**

This endorsement modifies insurance provided under the following:

### **MORTGAGE HOLDER'S INSURANCE COVERAGE PART**

**SECTION V - DEFINITIONS** is amended as follows:

Definition **26**. "Wrongful act" is amended to include the following:

"Wrongful act" means a negligent act, error or omission by an insured, or someone for whose actions you are legally liable, in confirming that valid title insurance is in place on the Covered Property in accordance with the terms of the mortgage agreement.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **SUPPLEMENTAL EXTENDED REPORTING PERIOD ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **MORTGAGE HOLDER'S INSURANCE COVERAGE PART**

A Supplemental Extended Reporting Period Endorsement is provided as described in **SECTION VI - EXTENDED REPORTING PERIODS**.

This endorsement modifies the period for reporting "claims" to "claims" first made in accordance with **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY, 1. Insuring Agreement, b.** and Exclusion **k. Prior Known Acts** against any insured during the Supplemental Extended Reporting Period shown in the Schedule.

A Supplemental Aggregate Limit applies. The Supplemental Aggregate Limit is the most we will pay for all "loss" because of "claims" first made in accordance with **SECTION I - COVERAGES, COVERAGE C. MORTGAGE HOLDER'S LIABILITY, 1. Insuring Agreement, b.** and Exclusion **k. Prior Known Acts** against any insured during the Supplemental Extended Reporting Period. The Supplemental Aggregate Limit is equal to the dollar amount shown in the Declarations for Aggregate Limit that is in effect at the end of the last policy period. The amount we will pay for all "damages" is limited as described in **SECTION III - LIMITS OF INSURANCE**. The insurance provided by this endorsement is excess over any other valid and collectible insurance, other than insurance written specifically to be excess over this insurance, and shall not be contributory. However, the Supplemental Extended Reporting Period will immediately terminate on the effective date and hour of any other insurance issued to you which replaces this insurance. If you notify us of the effective date of the other insurance, we will send you a refund of any pro rata unearned premium.

This endorsement will not take effect unless the additional premium for this endorsement, as set forth in **SECTION VI - EXTENDED REPORTING PERIODS**, is paid when due.

### **SCHEDULE**

<b>Supplemental Extended Reporting Period</b>	<b>Premium</b>

# **NOTICE TO POLICYHOLDERS**

## **MORTGAGE HOLDER'S INSURANCE COVERAGE FORM**

### **FA 102 11 07 EDITION**

#### **BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE**

This notice is a summary of the major changes found in the new edition of the Mortgage Holder's Insurance Coverage Form. NO COVERAGE IS PROVIDED BY THIS NOTICE nor can it be construed to replace any provision of your policy. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE CAREFULLY for complete information on the coverage that you are provided. If there is any conflict between the policy and this notice, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

#### **BROADENINGS**

Under Supplementary Payments - Coverage C., increased limit for daily loss of earnings from \$250 to \$300.

Under Section II - Who is an Insured, expanded who is insured under Coverage C. by providing the same insured status for members of the named insured's organization and related entities as is provided under the standard Commercial General Liability Coverage Form (for example, employees, volunteers, property managers and legal representatives).

Under Section IV - Conditions, added Mortgages Serviced for Others (applicable to Coverage A.)

Under Section IV - Conditions, added Canada to the coverage territory under Condition 3. Policy Period, Coverage Territory (applicable to Coverage A. and B.)

Under Section V - Definitions, added definition of "coverage territory", which is used in Coverage C. to provide a territorial parameter to the insurance coverage provided.

Under Section V - Definitions, added definition of "employee", which is used in Section II - Who is an Insured to grant insured status under Coverage C.

Under Section V - Definitions, added definition of "leased worker", which is used in the definition of "employee" to include such persons as insureds.

#### **RESTRICTIONS**

Added Errors in Systems Programming exclusion to Coverages A. and B.

Under Coverage C. Mortgage Holder's Liability, replaced the occurrence coverage trigger insuring agreement with a claims-made insuring agreement.

#### **CLARIFICATIONS**

Revised title from "Mortgage Interest Coverage Form" to "Mortgage Holder's Insurance Coverage Form".

Added "NOTICE" to advise policyholders of the claims-made coverage trigger now applicable to the liability coverage provided.

Added title "SECTION I - COVERAGES" to incorporate all of the Insuring Agreements and Coverages under the same section of the Coverage Form.

Under Section III - Limits of Insurance, a specific section for the Coverage C. limits has been added, which introduces an annual aggregate limit of insurance and a reimbursement requirement with respect to amounts paid by the company within the deductible or above the limit of insurance.

Under Section IV - Conditions, added an Other Insurance Condition (applicable to Coverage C.)

Under Section IV - Conditions, added a Premium Audit Condition, a When We Do Not Renew Condition, and a Representations Condition (applicable to Coverages A., B. and C.)

Under Section V - Definitions, added definitions of "bodily injury", "claim", "damages", "executive officer", "interrelated wrongful acts", "personal injury", "property damage", "suit", "temporary worker", and "wrongful act".

Added Section VI - Extended Reporting Periods.

# THE CINCINNATI INSURANCE COMPANY

A Stock Insurance Company

## MORTGAGE HOLDER'S INSURANCE COVERAGE PART DECLARATIONS

Attached to and forming part of POLICY NUMBER: _____ Effective Date: _____	
Named Insured: _____	
PREMIUM FOR THIS COVERAGE FORM: \$ _____	
<b>COVERAGE</b>	<b>LIMITS OF INSURANCE</b>
<b>A. Mortgage Holder's Interest</b>	
"Type A Mortgages"	\$ _____ Per Mortgage
"Type B Mortgages"	\$ _____ Per Mortgage
The Limit of Insurance for Type A and Type B combined shall not exceed:	\$ _____ Per Occurrence
<b>B. Property Owned or Held in Trust</b>	\$ _____ Per Trust
	\$ _____ Per Occurrence
<b>Fungi, Wet Rot, Dry Rot, and Bacteria</b> (Coverages A. and B.)	\$ _____ Per Mortgage / Trust (Subject to the Per Occurrence Limit of Coverages A. and B.)
<b>C. Mortgage Holder's Liability</b>	\$ _____ Each Wrongful Act
	\$ _____ Aggregate
<b>DEDUCTIBLES</b>	
<b>COVERAGES A. AND B.</b>	
\$500 applies unless otherwise indicated \$ _____ Per Occurrence	
<b>COVERAGE C.</b>	
\$ _____ Each Wrongful Act	
<b>RETROACTIVE DATE:</b> _____	
FORMS AND / OR ENDORSEMENTS APPLICABLE TO MORTGAGE HOLDER'S INSURANCE COVERAGE PART:	

# MORTGAGE HOLDER'S INSURANCE COVERAGE PART ENDORSEMENT

Attached to and forming part of POLICY NUMBER: _____ Effective Date: _____	
Named Insured: _____	
<u>Item changed:</u>	<u>Reason for changes:</u>
PREMIUM FOR THIS COVERAGE FORM: \$ _____	
<b>COVERAGE</b>	<b>LIMITS OF INSURANCE</b>
<b>A. Mortgage Holder's Interest</b>	
"Type A Mortgages"	\$ _____ Per Mortgage
"Type B Mortgages"	\$ _____ Per Mortgage
The Limit of Insurance for Type A and Type B combined shall not exceed:	\$ _____ Per Occurrence
<b>B. Property Owned or Held in Trust</b>	\$ _____ Per Trust
	\$ _____ Per Occurrence
<b>Fungi, Wet Rot, Dry Rot, and Bacteria</b> (Coverages A. and B.)	\$ _____ Per Mortgage / Trust (Subject to the Per Occurrence Limit of Coverages A. and B.)
<b>C. Mortgage Holder's Liability</b>	\$ _____ Each Wrongful Act
	\$ _____ Aggregate
<b>DEDUCTIBLES</b>	
<b>COVERAGES A. AND B.</b>	
\$500 applies unless otherwise indicated \$ _____ Per Occurrence	
<b>COVERAGE C.</b>	
\$ _____ Each Wrongful Act	
<b>RETROACTIVE DATE:</b> _____	
FORMS AND / OR ENDORSEMENTS APPLICABLE TO MORTGAGE HOLDER'S INSURANCE COVERAGE PART:	

Agency \_\_\_\_\_

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

### **COMMERCIAL PROPERTY COVERAGE PART**

#### **SCHEDULE\***

<b>Location Number</b>	<b>Building Number</b>	<b>Windstorm or Hail Deductible Percentage (enter 1%, 2%, 3%, 5%, 7% or 10%)</b>
------------------------	------------------------	--

The Windstorm or Hail Deductible, as shown in the Schedule, applies to "loss" to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the "loss". If "loss" from a covered weather condition other than Windstorm or Hail occurs, and that "loss" would not have occurred but for the Windstorm or Hail, such "loss" shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

#### **WINDSTORM OR HAIL DEDUCTIBLE CLAUSE**

##### **A. All Policies**

1. A Deductible is calculated separately for and applies separately to:

- a. Each building, if two or more buildings sustain "loss":
  - b. The building and to personal property in that building, if both sustain "loss":
  - c. Personal property at each building, if personal property at two or more buildings sustains "loss":
  - d. Personal property in the open.
2. We will not pay for "loss" until the amount of "loss" exceeds the applicable Deductible. We will then pay the amount of "loss" in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition - Need for Adequate Insurance or Additional Condition - Need for Full Reports.
  3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for "loss", we will deduct an amount equal to a percentage of the value(s) of the property at time of "loss". The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any "premises".

\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

**B. Calculation of the Deductible - Specific Insurance Other than Builders Risk**

**1. Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for "loss", we will deduct an amount equal to the percentage (shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained "loss".

**2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for "loss", we will deduct an amount equal to the percentage (shown in the Schedule) of the value(s) of the property that has sustained "loss". The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to "loss", we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

**C. Calculation of the Deductible - Blanket Insurance Other than Builders Risk**

**1. Property Not Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for "loss", we will deduct an amount equal to the percentage (shown in the Schedule) of the value(s) of the property that has sustained "loss". The value(s) to be used are those shown in the most recent Statement of Values on file with us.

**2. Property Subject to Value Reporting Forms**

In determining the amount, if any, that we will pay for property that has sustained "loss", we will deduct an amount equal to the percentage (shown in the Schedule) of the value(s) of that property as of the time of "loss".

**D. Calculation of the Deductible - Builders Risk Insurance**

**1. Builders Risk Other than Reporting Form**

In determining the amount, if any, that we will pay for property that has sustained "loss", we will deduct an amount equal to the percentage (shown in the Schedule) of the actual cash value(s) of that property as of the time of "loss".

**2. Builders Risk Reporting Form**

In determining the amount, if any, that we will pay for "loss", we will deduct an amount equal to the percentage (shown in the Schedule) of the value(s) of the property that has sustained "loss". The values(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to "loss", we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of "loss".

**EXAMPLES - APPLICATION OF DEDUCTIBLE:**

**Example #1 - Specific Insurance (B.1.)**

The amount of "loss" to the damaged building is \$60,000.

The value of the damaged building at time of "loss" is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

The **actual** Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1):  $\$70,000 \div \$80,000 = .875$

Step (2):  $\$60,000 \times .875 = \$52,500$

Step (3):  $\$70,000 \times 1\% = \$700$

Step (4):  $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the "loss", \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (steps

(1) and (2)) and the application of the Deductible (steps (3) and (4)).

#### **Example #2 - Specific Insurance (B.1.)**

The amounts of "loss" to the damaged property are \$60,000 (building) and \$40,000 (business personal property in building).

The value of the damaged building at time of "loss" is \$100,000. The value of the business personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the business personal property.

The **actual** Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the business personal property (therefore no Coinsurance penalty).

The Deductible is 2%.

#### **Building**

Step (1):  $\$80,000 \times 2\% = \$1,600$

Step (2):  $\$60,000 - \$1,600 = \$58,400$

#### **Business Personal Property**

Step (1):  $\$64,000 \times 2\% = \$1,280$

Step (2):  $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. That portion of the total "loss" not covered due to application of the Deductible is \$2,880.

#### **Example #3 - Blanket Insurance (C.1.)**

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings #1, #2 and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of "loss" to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

#### **Building #1**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$40,000 - \$10,000 = \$30,000$

#### **Building #2**

Step (1):  $\$500,000 \times 2\% = \$10,000$

Step (2):  $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total "loss" not covered due to application of the Deductible is \$20,000.

#### **Example #4 - Blanket Insurance (C.1.)**

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Business Personal Property at Building #1 (\$250,000) and Business Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The **actual** Blanket Limit of Insurance covering Buildings #1 and #2 and Business Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building #1 and Business Personal Property at Building #1 have sustained damage; the amounts of "loss" are \$95,000 (Building) and \$5,000 (Business Personal Property).

The Deductible is 5%.

#### **Building**

Step (1):  $\$500,000 \times 5\% = \$25,000$

Step (2):  $\$95,000 - \$25,000 = \$70,000$

#### **Business Personal Property**

Step (1):  $\$250,000 \times 5\% = \$12,500$

The "loss", \$5,000, does not exceed the deductible.

The most we will pay is \$70,000. The remainder of the building "loss", \$25,000, is not covered due to application of the Deductible. There is no "loss" payment for the business personal property.

*SERFF Tracking Number:*      *CNNA-125481509*                      *State:*                      *Arkansas*  
*Filing Company:*              *The Cincinnati Insurance Company*              *State Tracking Number:*      *EFT \$50*  
*Company Tracking Number:*      *CCP-08-6008-AR*  
*TOI:*                      *01.0 Property*                      *Sub-TOI:*                      *01.0001 Commercial Property (Fire and Allied Lines)*  
  
*Product Name:*              *CCP-08-6008-AR*  
*Project Name/Number:*      /

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: CNNA-125481509 State: Arkansas  
Filing Company: The Cincinnati Insurance Company State Tracking Number: EFT \$50  
Company Tracking Number: CCP-08-6008-AR  
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)  
Product Name: CCP-08-6008-AR  
Project Name/Number: /

## Supporting Document Schedules

**Satisfied -Name:** Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 02/29/2008

**Comments:**  
PROPERTY AND CASUALTY TRANSMITTAL

**Attachment:**  
F777AR\_307.pdf

**Satisfied -Name:** FORM FILING SCHEDULE **Review Status:** Approved 02/29/2008

**Comments:**  
FORM FILING SCHEDULE

**Attachments:**  
F778AR\_307.pdf  
F778AR\_307[2].pdf

**Satisfied -Name:** MEMORANDUM **Review Status:** Approved 02/29/2008

**Comments:**  
MEMORANDUM AND MEMO DESCRIPTION OF REVISIONS FA 102 11 07

**Attachments:**  
MEMOF.pdf  
MEMO Description of Revisions FA 102 11 07.pdf

**Satisfied -Name:** ARKANSAS CHANGES **Review Status:** Approved 02/29/2008

**Comments:**  
**Attachment:**  
IA4279AR 0106.pdf



## Property & Casualty Transmittal Document—

<b>20. This filing transmittal is part of Company Tracking #</b>	CCP-08-6008-AR
--	----------------

<b>21. Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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See Memorandum

<b>22. Filing Fees</b> (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
---

**Check #:** EFT FILING

**Amount:** \$50

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)  
 (Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>		<b>CCP-08-6008-AR</b>		
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)		<b>CCP-08-6007-AR</b>		
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement or Withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	MORTGAGE HOLDER'S INSURANCE COVERAGE APPLICATION	FA 004 11 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	-----	-----
02	MORTGAGE HOLDER'S INSURANCE COVERAGE FORM	FA 102 11 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	FA 102 04 04	CCP-04-6008-AR
03	LIFE AND DISABILITY INSURANCE PLACEMENT LIABILITY COVERAGE	FA 229 11 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	FA 229 04 04	CCP-04-6008-AR
04	MORTGAGE INTEREST FLOOD COVERAGE	FA 230 11 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	FA 230 04 04	CCP-04-6008-AR
05	FLOOD HAZARD DETERMINATION LIABILITY COVERAGE	FA 252 11 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	-----	-----
06	MORTGAGE INSURANCE PLACEMENT LIABILITY COVERAGE	FA 253 11 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	-----	-----
07	SELLER / SERVICER LIABILITY COVERAGE	FA 254 11 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	-----	-----
08	TITLE LIABILITY COVERAGE	FA 255 11 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	-----	-----
09	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE	FA 474 12 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	FA 474 04 04	CCP-04-6008-AR
10	SUPPLEMENTAL EXTENDED REPORTING PERIOD ENDORSEMENT	FA 4062 11 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	-----	-----

## FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)  
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>	<b>CCP-08-6008-AR</b>			
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)	<b>CCP-08-6007-AR</b>			
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement or Withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
11	NOTICE TO POLICYHOLDERS MORTGAGE HOLDER'S INSURANCE COVERAGE	FA 4063 11 07	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	-----	-----
12	MORTGAGE HOLDER'S INSURANCE COVERAGE PART DECLARATIONS	FA 502 11 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	FA 502 05 93	N/A
13	MORTGAGE HOLDER'S INSURANCE COVERAGE PART ENDORSEMENT	FA 502E 11 07	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	FA 502E 05 93	N/A
14			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
15			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
16			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
17			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
18			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
19			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
20			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

**ARKANSAS  
DIVISION FIVE - COMMERCIAL PROPERTY  
FORMS MEMORANDUM**

<b>NEW FORM</b>	<b>OLD FORM</b>	<b>TITLE/DESCRIPTION OF CHANGE</b>
FA 004 11 07	-----	<p><b>MORTGAGE HOLDER'S INSURANCE COVERAGE APPLICATION</b></p> <p>Introducing new application for Mortgage Holder's Insurance Coverage (Mortgage Holder's Interest, Property Owned or Held in Trust, and Mortgage Holder's Liability including Real Estate Tax Liability).</p>
FA 102 11 07	FA 102 04 04	<p><b>MORTGAGE HOLDER'S INSURANCE COVERAGE FORM</b></p>
FA 229 11 07	FA 229 04 04	<p><b>LIFE AND DISABILITY INSURANCE PLACEMENT LIABILITY COVERAGE</b></p> <p>This optional form adds coverage for liability arising out of the failure to place life and disability insurance as required by the mortgage agreement.</p>
FA 230 11 07	FA 230 04 04	<p><b>MORTGAGE INTEREST FLOOD COVERAGE</b></p> <p>This optional form extends the Mortgage Holder's Insurance Coverage Form to include loss to the insured's mortgage holder's interest due to a lack of flood insurance.</p>
FA 252 11 07	-----	<p><b>FLOOD HAZARD DETERMINATION LIABILITY COVERAGE</b></p> <p>This optional form pays on the insured's behalf those sums that the insured is legally obligated to pay because of the insured's failure to determine whether the "covered property" is located in a Special Flood Hazard Area required by federally mandated "flood insurance".</p>
FA 253 11 07	-----	<p><b>MORTGAGE INSURANCE PLACEMENT LIABILITY COVERAGE</b></p> <p>This optional form adds coverage for liability arising out of the failure to place mortgage insurance as required by the mortgage agreement.</p>

<b>NEW FORM</b>	<b>OLD FORM</b>	<b>TITLE/DESCRIPTION OF CHANGE</b>
FA 254 11 07	-----	<p><b>SELLER / SERVICER LIABILITY COVERAGE</b></p> <p>This optional form adds coverage for liability arising out of the failure to meet the requirements of FHLMC, FNMA or GNMA in originating, servicing or selling mortgages.</p>
FA 255 11 07	-----	<p><b>TITLE LIABILITY COVERAGE</b></p> <p>This optional form adds coverage for liability arising out of failing to confirm that valid title insurance is in place on the covered property in accordance with the terms of the mortgage agreement.</p>
FA 474 12 07	FA 474 04 04	<p><b>WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE</b></p> <p>Revising form to accommodate the addition of new percentage deductible options of 3, 7 and 10%.</p>
FA 4062 11 07	-----	<p><b>SUPPLEMENTAL EXTENDED REPORTING PERIOD ENDORSEMENT</b></p> <p>This optional endorsement provides a supplemental extended reporting period for Coverage C. Mortgage Holder's Liability.</p>
FA 4063 11 07	-----	<p><b>NOTICE TO POLICYHOLDERS MORTGAGE HOLDER'S INSURANCE COVERAGE FORM FA 102 11 07</b></p> <p>The notice is attached to a renewal policy when the expiring policy has a previous version of form FA 102 attached to it.</p>
FA 502 11 07	FA 502 05 93	<p><b>MORTGAGE HOLDER'S INSURANCE COVERAGE PART DECLARATIONS (Cincinnati Insurance Company)</b></p> <p>Added Fungi Coverage under B.  Deleted Coverage D. Real Estate Tax Liability.  Corrected base deductible to \$500.  Clarified that the deductible for Coverages A. and B. is "per occurrence".  Clarified that the deductible for Coverage C. is "each wrongful act".  Added a line for the Retroactive Date.  Deleted the Optional Coverages section.</p>

**NEW FORM**

FA 502E 11 07

**OLD FORM**

FA 502E 05 93

**TITLE/DESCRIPTION OF CHANGE****MORTGAGE HOLDER'S INSURANCE  
COVERAGE PART ENDORSEMENT**

Added Fungi Coverage under B.  
Deleted Coverage D. Real Estate Tax Liability.  
Corrected base deductible to \$500.  
Clarified that the deductible for Coverages A. and B. is "per occurrence".  
Clarified that the deductible for Coverage C. is "each wrongful act".  
Added a line for the Retroactive Date.  
Deleted the Optional Coverages section.

## MORTGAGE HOLDER’S INSURANCE COVERAGE FORM, FA 102 11 07 – DESCRIPTION OF REVISIONS

Section	Revision	Effect	<u>Broadening Restriction Clarification</u>
<b>Title</b>	Revised title from “Mortgage Interest Coverage Form” to “Mortgage Holder’s Insurance Coverage form” to more clearly communicate that the form insures both first party (i.e., Mortgage Holder’s Interest) and third party liability (i.e., Mortgage holder’s Liability) loss exposures.	Clarifies intent of the Coverage Form.	C
<b>Notice</b>	Added notice to advise policyholder’s of the claims-made coverage trigger now applicable to the liability coverage provided hereunder.	Clarifies intent of the Coverage Form.	C
<b>Preamble:</b>	<ul style="list-style-type: none"> <li>○ Replaced the reference to “policy” with “Coverage Part”;</li> <li>○ Added reference to the new Section II – Who Is An Insured section of the Coverage Part; and</li> <li>○ Revised the reference to Section L. Definitions to Section V – Definitions.</li> </ul>	Clarifies intent of the Coverage Form.	C
<b>Section I – Coverages:</b>	Added title “Section I – Coverages” to incorporate all of the insuring agreements/coverages under the same section of the Coverage Part, rather than label each individual coverage as a separate section of the Coverage Part.	Clarifies intent of the Coverage Form.	C
○ Coverage A. Mortgage Holder’s Interest:	Added title to the insuring agreement.	Clarifies intent of the Coverage Form.	C
	Deleted Coverage A – Covered Causes of Loss section, as there is now one set of Covered Causes of Loss for both Coverages A. and B.	Clarifies intent of the Coverage Form.	C
	Added clarifying statement to Paragraph 2. Coverage A. – Additional Coverages stating that the limits of insurance applicable to these coverages were included within those provided for Coverage A.	Clarifies intent of the Coverage Form.	C
○ Coverage B. Property Owned or Held in Trust:	Added title to the insuring agreement.	Clarifies intent of the Coverage Form.	C
	Deleted Coverage B – Covered Causes of Loss section, as there is now one set of Covered Causes of Loss for both Coverages A. and B.	Clarifies intent of the Coverage Form.	C
○ Coverages A. and B. Covered Causes of Loss:	Combined the separate Covered Causes of Loss sections for Coverage A. and B. into one, since they were identical. No change in coverage.	Clarifies intent of the Coverage Form.	C
○ Coverages A. and B. Additional Coverages:	Combines previous Sections H. Additional Coverage – Collapse and I. Fungi, Wet Rot, Dry Rot, And Bacteria – Limited Additional Coverage into one section of the Coverage Part. No change in coverage.	Clarifies intent of the Coverage Form.	C

## MORTGAGE HOLDER'S INSURANCE COVERAGE FORM, FA 102 11 07 – DESCRIPTION OF REVISIONS

Section	Revision	Effect	<u>Broadening Restriction Clarification</u>
○ Exclusions – Coverages A. and B.:	Same exclusions as previous edition of the form, except as noted below, but these apply only to the first party coverages, Coverages A. and B.	Clarifies intent of the Coverage Form.	C
	Added new exclusion c. Errors in Systems Programming, which precludes coverage for losses resulting from errors or omissions in programming or instructions to various EDP equipment.	Restriction in coverage.	R
○ Coverage C. Mortgage Holder's Liability:	Replaced the previous edition of this form's occurrence coverage trigger insuring agreement with a claims-made insuring agreement: 1) Due to other carriers' (e.g., Chubb) providing coverage on this basis; and 2) To avoid stacking limits from policy period to policy period.	Restriction in coverage.	R
	Deleted Coverage D – Real Estate Tax Liability, as this coverage has been wrapped into Coverage C.	Clarifies intent of the Coverage Form.	C
▪ Exclusions – Coverage C.:	<p>Added the following exclusions, which do not represent a restriction in coverage since: 1) There was a corresponding exclusion in the previous exclusion section applicable to all the coverages under this Coverage Part; or 2) The new exclusions are not relevant to the previous Coverage C., which only applied to a financial loss suffered by a mortgagor due to the failure of the insured to procure or maintain insurance on the mortgaged property:</p> <ul style="list-style-type: none"> <li>• Asbestos;</li> <li>• Bodily Injury, Personal Injury or Property Damage;</li> <li>• Contractual Liability;</li> <li>• Expected or Intended Injury;</li> <li>• Fees or Charges;</li> <li>• Fungi or Bacteria;</li> <li>• Lead, Radon or Electromagnetic Fields;</li> <li>• Lender Liability;</li> <li>• Nuclear;</li> <li>• Pollutant;</li> <li>• Prior Known Acts; and</li> <li>• War</li> </ul>	Clarifies intent of the Coverage Form.	C
▪ Supplementary Payments – Coverage	Increased limit for daily loss of earnings from \$250 to \$300.	Broadens coverage.	B

## MORTGAGE HOLDER'S INSURANCE COVERAGE FORM, FA 102 11 07 – DESCRIPTION OF REVISIONS

Section	Revision	Effect	<u>Broadening Restriction Clarification</u>
C.:			
	We are revising the Supplementary Payments Section to more explicitly express underwriting intent. The intent of the provision "all costs taxed against the insured" is to provide coverage for <u>court</u> costs taxed against the insured and not to provide coverage for the plaintiff's attorneys' fees or expenses taxed against the insured. There is no impact on coverage.	Clarifies intent of the Coverage Form.	C
<b>Section II – Who is an Insured:</b>	New section of the Coverage Part which is divided into two sections, which: <b>A.</b> Clarifies that the Named Insured(s) are the insureds under Coverages A. and B. (first party coverage); and <b>B.</b> Expands who is insured under Coverage C. by providing the same insured status for members of the named insured's organization and related entities as is provided under the standard CGL form (e.g., employees, volunteers, property managers and legal representatives).	Broadens coverage under Coverage C.	B
<b>Section III – Limits of Insurance:</b>	Replaces previous Section F. Limits of Insurance. Changes are as follows: <ul style="list-style-type: none"> <li>• Deductible provision incorporated here in lieu of previous separate Section G. Deductible;</li> <li>• A specific section for the Coverage C. limits has been added, which introduces: <ul style="list-style-type: none"> <li>– An annual aggregate limit of insurance; and</li> <li>– A reimbursement requirement with respect to amounts paid by us within the deductible or above the limit of insurance.</li> </ul> </li> </ul>	Clarifies intent of the Coverage Form.	C
<b>Section IV – Conditions:</b>			
○ Conditions Applicable to Coverage A.:	Added Mortgages Serviced For others, which allows FHLMC, FNMA or GNMA to pursue claims directly with us with respect to mortgages owned by them and serviced by the insured.	Broadens coverage.	B
○ Conditions Applicable to Coverages A. and B.:	Added Canada to the coverage territory under Condition 3. Policy Period, Coverage Territory.	Broadens coverage.	B

## MORTGAGE HOLDER'S INSURANCE COVERAGE FORM, FA 102 11 07 – DESCRIPTION OF REVISIONS

Section	Revision	Effect	<u>Broadening Restriction Clarification</u>
	Added an Other Insurance Condition which makes coverage excess of any other available insurance, except that written specifically to be excess of this coverage.	Clarifies intent of the Coverage Form.	C
o Conditions Applicable to Coverages A., B. and C.:	In the Duties in the Event of Loss Condition: – Added reference to “claim” for Coverage C.; and – Replaced the verbiage applicable to Coverage C. with that relevant to a claims-made coverage trigger.	Clarifies intent of the Coverage Form.	C
	Added Premium Audit Condition, which allows us to audit premiums subject to a rating basis which may vary in value from year to year.	Clarifies intent of the Coverage Form.	C
	Added the When We Do Not Renew Condition, as this issue is not addressed by the Cancellation Condition in the Common Conditions.	Clarifies intent of the Coverage Form.	C
<b>Section V – Definitions:</b>	Added “bodily injury”, which is used in the Bodily Injury, Personal Injury or Property Damages exclusion under Coverage C.	Clarifies intent of the Coverage Form.	C
	Added “claim”, which is used in Coverage C. to trigger coverage.	Clarifies intent of the Coverage Form.	C
	Added “coverage territory”, which is used in Coverage C. to provide a territorial parameter to the insurance coverage provided there under (i.e., worldwide).	Broadens coverage, as previously the territory was only the U.S., its territories and possessions and Puerto Rico.	B
	Added “damages”, which is used in Coverage C. to limit coverage to compensatory damages.	Clarifies intent of the Coverage Form.	C
	Added “employee”, which is used in Section II – Who is an Insured to grant insured status under Coverage C.	Broadens coverage.	B
	Added “executive officer”, which is used in Section II – Who is an Insured to grant insured status under Coverage C.	Clarifies intent of the Coverage Form, as executive officers were insureds under the previous edition of this form.	C
	Added “interrelated wrongful acts”, which is used in Section III – Limits of Insurance to clarify what the Each Wrongful Act Limit of Insurance	Clarifies intent of the Coverage Form.	C

## MORTGAGE HOLDER'S INSURANCE COVERAGE FORM, FA 102 11 07 – DESCRIPTION OF REVISIONS

Section	Revision	Effect	<u>Broadening Restriction Clarification</u>
	applies to.		
	Added “leased worker”, which is used in the definition of “employee” to include such persons as insureds.	Broadens coverage.	B
	Added “personal injury”, which is used in the Bodily Injury, Personal Injury or Property Damage exclusion under Coverage C.	Clarifies intent of the Coverage Form.	C
	Added “property damage”, which is used in the Bodily Injury, Personal Injury or Property Damage exclusion under Coverage C.	Clarifies intent of the Coverage Form.	C
	Revised “suit” to include reference to alternative dispute resolution proceedings and appeals of civil proceedings.	Clarifies intent of the Coverage Form.	C
	Added “temporary worker”, which is used in the definition of “employee” to distinguish such persons from “employees” and preclude insured status for them.	Clarifies intent of the Coverage Form.	C
	Added “wrongful act” which is used in Coverage C. to provide coverage for the following: <ul style="list-style-type: none"> <li>▪ Hazard insurance placement liability; and</li> <li>▪ Real estate tax liability;</li> </ul>	No change in coverage.	C
<b>Section VI – Extended Reporting Periods</b>	New section added to provide extended reporting period options under Coverage C. in the event coverage is cancelled.	Clarifies intent of the Coverage Form.	C

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ARKANSAS CHANGES**

This endorsement modifies insurance provided under the following:

**MACHINERY AND EQUIPMENT COVERAGE PART  
COMMERCIAL CRIME COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART**

- A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The following is added to the Common Policy Conditions:

**MULTI-YEAR POLICIES**

We may issue this policy for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

- C. 1. Except as provided in **C.2.** below, the **Appraisal** Condition, if any, is replaced by the following:
  - a. If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make a written request for an appraisal of the loss ("loss"). However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss ("loss") appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire.
  - b. An appraisal decision will not be binding on either party.
  - c. If there is an appraisal, we will still retain our right to deny the claim.
  - d. Each party will:
    - (1) Pay its chosen appraiser; and
    - (2) Bear the other expenses of the appraisal and umpire equally.
- C. 2. The **Appraisal** Condition in Business Income Coverage Form (and Extra Expense) and Business Income Coverage

Form (without Extra Expense) is replaced by the following:

- a. If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
- b. An appraisal decision will not be binding on either party.
- c. If there is an appraisal, we will still retain our right to deny the claim.
- d. Each party will:
  - (1) Pay its chosen appraiser; and
  - (2) Bear the other expenses of the appraisal and umpire equally.

- D. 1. This Paragraph, **D.**, does not apply to the following:

Farm Liability Form  
Legal Liability Coverage Form

- 2. The 2-year limitation in the **Legal Action Against Us** Condition is changed to 5 years.

**E. Valuation - Settlement**

When forming a part of this policy, the last paragraphs of the Valuation - Settlement General Condition **a.(3)** of the Crime General Provisions, and the Valuation - Settlement Additional Condition **(1)(c)** of the Safe Depository Direct Loss Coverage Form are replaced by the following:

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost may be determined by arbitration.

Either party may make a written request for an arbitration. However, arbitration will take

place only if both we and you agree, voluntarily, to have the value or cost of the property arbitrated. Moreover, an arbitration decision will not be binding on either party. However, even if there is arbitration, we will still retain our right to deny the claim.