

SERFF Tracking Number: SHEL-125649846 State: Arkansas
Filing Company: Shelter Mutual Insurance Company State Tracking Number: #1368559 \$50
Company Tracking Number: 03M20308
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: HO
Project Name/Number: Aufranc/

Filing at a Glance

Company: Shelter Mutual Insurance Company

Product Name: HO

TOI: 04.0 Homeowners

Sub-TOI: 04.0000 Homeowners Sub-TOI
Combinations

Filing Type: Form

SERFF Tr Num: SHEL-125649846 State: Arkansas

SERFF Status: Closed

Co Tr Num: 03M20308

Co Status:

Authors: Brian Marcks, Sue
Burlingame

Date Submitted: 05/21/2008

State Tr Num: #1368559 \$50

State Status: Fees verified and
received

Reviewer(s): Becky Harrington,
Betty Montesi, Brittany Yielding

Disposition Date: 06/09/2008

Disposition Status: Approved

Effective Date Requested (New): 10/19/2008

Effective Date Requested (Renewal): 10/19/2008

Effective Date (New): 10/19/2008

Effective Date (Renewal):
10/19/2008

State Filing Description:

General Information

Project Name: Aufranc

Project Number:

Reference Organization:

Reference Title:

Filing Status Changed: 06/09/2008

State Status Changed: 05/28/2008

Corresponding Filing Tracking Number:

Filing Description:

With this filing, we are adding one new form and revising a form in our Homeowners program.

Status of Filing in Domicile:

Domicile Status Comments:

Reference Number:

Advisory Org. Circular:

Deemer Date:

New Form B-826-B, HO-5 Master Amendatory Endorsement, amends our HO-5 policy as follows:

1. Adds definitions to make the coverages more consistent with those in our newer HO-3 policy.
2. Strengthens the anti-concurrent causation language to avoid misunderstandings about losses resulting from uninsured

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causes.

3. Replaces the exclusions related to supporting structure movement and water damage with more accurate descriptions of uninsured causes and events.
4. Adds a maximum limit of 125% of the face amount of the policy.
5. Adds exclusions for punitive damages and pollution.
6. Limits payments for judgment interest and the cost of bonds.
7. Eliminates coverage for internet defamation.

Revisions have been made to Form B-422.31-B, HO-5 Earthquake Endorsement (Extension of Coverages A, B and C) to match the definitions included in new Form B-826-B.

A rule to coincide with this new form is being added to our Platinum Shield manual in a separate filing (03M20A208).

Company and Contact

Filing Contact Information

Brian Marcks, Coordinator of Insurance BCMarcks@shelterinsurance.com
 Department Affairs
 1817 West Broadway (573) 214-4165 [Phone]
 Columbia, MO 65218 (573) 446-7317[FAX]

Filing Company Information

Shelter Mutual Insurance Company	CoCode: 23388	State of Domicile: Missouri
1817 West Broadway	Group Code:	Company Type:
Columbia, MO 65218	Group Name:	State ID Number:
(573) 445-8441 ext. [Phone]	FEIN Number: 43-0613000	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$0.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

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COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Shelter Mutual Insurance Company	\$0.00	05/21/2008	

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
1368559	\$50.00	05/14/2008

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Becky Harrington	06/09/2008	06/09/2008

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	Becky Harrington	06/04/2008	06/04/2008	Brian Marcks	06/06/2008	06/06/2008
Pending Industry Response	Becky Harrington	05/28/2008	05/28/2008	Brian Marcks	06/02/2008	06/02/2008

SERFF Tracking Number: *SHEL-125649846* *State:* *Arkansas*
Filing Company: *Shelter Mutual Insurance Company* *State Tracking Number:* *#1368559 \$50*
Company Tracking Number: *03M20308*
TOI: *04.0 Homeowners* *Sub-TOI:* *04.0000 Homeowners Sub-TOI Combinations*
Product Name: *HO*
Project Name/Number: *Aufranc/*

Disposition

Disposition Date: 06/09/2008

Effective Date (New): 10/19/2008

Effective Date (Renewal): 10/19/2008

Status: Approved

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: SHEL-125649846 State: Arkansas
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Marked copy of Form B-826-B		Yes
Supporting Document	Marked Copy of Form B-826.3-B	Approved	Yes
Form (revised)	HO-5 Master Amendatory Endorsement	Approved	Yes
Form	HO-5 Master Amendatory Endorsement		Yes
Form	HO-5 Master Amendatory Endorsement		Yes
Form	HO-5 Earthquake Endorsement (Extension of Coverages A, B and C)	Approved	Yes

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Product Name: HO
Project Name/Number: Aufranc/

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 06/04/2008
Submitted Date 06/04/2008

Respond By Date

Dear Brian Marcks,

This will acknowledge receipt of the captioned filing.

Objection 1

- HO-5 Master Amendatory Endorsement (Form)

Comment: The appraisal clause title is contradictory to the first sentence that reads "...demand an appraisal". Please remove demand. Please see your approved HO endorsement language for acceptable language.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 06/06/2008
Submitted Date 06/06/2008

Dear Becky Harrington,

Comments:

Response 1

Comments: Reference is made to your note of June 4. We have revised the appraisal clause in the HO-5 Master Amendatory Endorsement with similar wording used in the HO Amendatory (Form B-735.8-B) that has been approved by your department. Attached is Form B-826.3-B to be substituted for Form B-826.1-B submitted on June 2. Also attached is a marked copy of the revised form.

Related Objection 1

Applies To:

- HO-5 Master Amendatory Endorsement (Form)

SERFF Tracking Number: SHEL-125649846 State: Arkansas
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 Company Tracking Number: 03M20308
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: HO
 Project Name/Number: Aufranc/

Comment:

The appraisal clause title is contradictory to the first sentence that reads "...demand an appraisal". Please remove demand. Please see your approved HO endorsement language for acceptable language.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Marked Copy of Form B-826.3-B

Comment: Please see attachment.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
HO-5 Master Amendatory Endorsement	B-826.3-B		Endorsement/Amendment/Conditions	New		0	B826-3B.pdf
Previous Version							
HO-5 Master Amendatory Endorsement	B-826.1-B		Endorsement/Amendment/Conditions	New		0	B826-1B.pdf
HO-5 Master Amendatory Endorsement	B-826-B		Endorsement/Amendment/Conditions	New		0	B826B.pdf

No Rate/Rule Schedule items changed.

Sincerely,
 Brian Marcks, Sue Burlingame

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Filing Company: Shelter Mutual Insurance Company State Tracking Number: #1368559 \$50
Company Tracking Number: 03M20308
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: HO
Project Name/Number: Aufranc/

Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 05/28/2008
Submitted Date 05/28/2008

Respond By Date

Dear Brian Marcks,

This will acknowledge receipt of the captioned filing.

Objection 1

- HO-5 Master Amendatory Endorsement (Form)

Comment:

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.

Please feel free to contact me if you have questions.

Sincerely,

Becky Harrington

Response Letter

Response Letter Status Submitted to State
Response Letter Date 06/02/2008
Submitted Date 06/02/2008

Dear Becky Harrington,

Comments:

Response 1

Comments: Reference is made to your note of May 28. We have revised the appraisal clause in the HO-5 Master Amendatory Endorsement to state that it is non-binding and voluntary. Attached is Form B-826.1-B to replace Form B-826-B submitted in our original filing. Also attached is a marked copy of the revised form.

Related Objection 1

Applies To:

- HO-5 Master Amendatory Endorsement (Form)

SERFF Tracking Number: SHEL-125649846 State: Arkansas
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 Product Name: HO
 Project Name/Number: Aufranc/
 Comment:

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.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Marked copy of Form B-826-B
 Comment: Please see attachment.

Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
<i>HO-5 Master Amendatory Endorsement</i>	<i>B-826.1-B</i>		<i>Endorsement/Amendment /Conditions</i>	<i>New</i>		<i>0</i>	<i>B826-1B.pdf</i>
Previous Version							
<i>HO-5 Master Amendatory Endorsement</i>	<i>B-826-B</i>		<i>Endorsement/Amendment /Conditions</i>	<i>New</i>		<i>0</i>	<i>B826B.pdf</i>

No Rate/Rule Schedule items changed.

Sincerely,
 Brian Marcks, Sue Burlingame

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	HO-5 Master Amending Endorsement	B-826.3-B		Endorsement New		0.00	B826-3B.pdf
Approved	HO-5 Earthquake Endorsement (Extension of Coverages A, B and C)	B-422.31-B		Endorsement Replaced	Replaced Form #: B-422.30-B Previous Filing #:	0.00	B422-31B.pdf

HO-5 Master Amendatory Endorsement - Arkansas

Your policy is amended as follows:

1. The following definitions are added:

Accidental direct physical loss means loss of possession of, or actual physical damage to, a part of the covered property which is caused by an accident. It does not include:

- (a) consequential economic damage resulting from such physical damage to that part or to the covered property as a whole,
- (b) consequential economic damage resulting from the inability to restore full monetary value to that part or to the covered property as a whole because of the fact that it has sustained physical damage,
- (c) consequential economic damage resulting from the loss of use of that part or the covered property as a whole,
- (d) consequential economic damage resulting from the inability to match the parts which are repaired or replaced with undamaged adjacent parts, or
- (e) any diminution of the pre-loss value of the covered property after the repair or replacement of its parts.

Actual cash value means the smaller of the total repair cost, or total replacement cost, less **depreciation**, calculated as of the date of the loss. If the law of the state in which this policy is issued limits the factors that may be considered in determining the **actual cash value**, only the factors allowed by such law will be considered.

Depreciation means an amount of money that is deducted from the amount **we** actually pay. That amount is based on the decrease in the value of the property since it was new. It applies to any part that must be repaired or replaced to allow for the repair or replacement of a damaged part, whether or not that part itself is damaged. The condition, age, extent of use, and obsolescence, of the part, and of the property as a whole, will be considered in determining **depreciation**. **Depreciation** also applies to the labor and applicable sales tax necessary to complete covered repairs and replacements. **We** will calculate the percentage by which the materials necessary to the replacement have decreased in value, based on the factors stated above, and apply that same percentage when calculating the **depreciation** applicable to the labor and sales tax.

Personal Injury means economic damage arising directly and proximately from one or more of the following acts of an **insured**:

- (a) false arrest, detention, or imprisonment;
- (b) malicious prosecution;
- (c) defamation by libel or slander except that caused by defamatory materials published on the Internet;
- (d) violation of the right of privacy;
- (e) **wrongful entry**; or
- (f) wrongful eviction.

Punitive damages means a monetary award imposed to punish a wrongdoer and to deter others from similar conduct. It includes exemplary damages. It also includes any damages, or penalties, based upon any legal theory that requires proof of the same standard of conduct necessary to support an award of **punitive damages** or exemplary damages, under the law of the state in which they are awarded.

Wrongful entry means the wrongful intrusion, onto the property of another, by an **insured** and requires the physical presence of an **insured** on the property of another. **Wrongful entry** does not mean the movement of substances from one place to another.

2. In the section of the policy headed: **PERILS WE INSURE AGAINST – SECTION I**, the following sentence is removed:

We cover accidental direct physical loss to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

That sentence is replaced with the following:

We cover **accidental direct physical loss** to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

3. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provision is removed:

We do not cover loss:

- (a) resulting directly or indirectly from any of the following events;
- (b) which would not have occurred in the absence of any of the following events;
- (c) which occurs regardless of the cause of any of the following events; or
- (d) if loss occurs concurrently or in any sequence with any of the events.

That provision is replaced with the following:

We do not cover any loss or damage if it would not have occurred in the absence of any event or condition listed below. That loss or damage is excluded from coverage regardless of:

- (a) the proximate cause of that event or condition;
- (b) the efficient proximate cause of that event or condition;
- (c) the fact that other events or conditions, which are not excluded, caused the loss or damage;
- (d) the fact that other events or conditions, which are not excluded, contributed to the loss or damage;
- (e) the sequence of the events or conditions that caused the loss or damage;
- (f) whether the events and conditions that caused the loss or damage occurred suddenly or gradually;
- (g) whether the loss or damage is isolated or widespread;
- (h) whether the loss or damage arises from natural forces, human forces, or a combination of such forces;
- (i) whether the loss or damage was caused by internal forces, external forces, or a combination of such forces; or
- (j) whether the loss or damage resulted from the negligence of a person or a group of persons.

4. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provisions are removed:

- 2. Earthquake or other earth movement including land shock waves or tremors before, during or after volcanic eruption. **We** do cover direct loss that follows caused by fire, explosion, breakage of glass or theft.
- 3. Water damage, meaning:
 - (a) flood, surface water, waves, tidal water or overflow of a body of water. **We** do not cover spray from any of these, whether or not driven by wind;
 - (b) water which backs up through sewers or drains; or
 - (c) water below the surface of the ground. This includes water which exerts pressure on or flows, seeps or leaks through any part of a building or other structure, sidewalk, driveway or swimming pool.

We do cover any direct loss that follows, caused by theft, fire or explosion.

Those provisions are replaced with the following:

- 2. Movement of materials that support, or surround, a structure. **We** do not cover damage to any structure including, but not limited to: a) patios, b) pavement, c) foundations, d) walls, e) floors, f) roofs, g) ceilings, or h) slabs, if that damage is caused by the sinking, rising, shifting, expanding, or contracting, of earth or any other supporting, or surrounding, material. This exclusion applies to earthquakes, volcanic explosions, lava flow, landslides, mudflow, mudslides, sinking of ground, subsidence, erosion, movement resulting from improper construction or compaction, improper site selection, or any other force. **We** do not cover any cost required to replace, rebuild, stabilize, or otherwise restore, the supporting, or surrounding, material. **We** do not cover the cost of any repair technique designed to compensate for, or prevent, the instability of supporting, or surrounding, material. **We** do cover **accidental direct physical loss** that occurs subsequent to any of these causes if that loss is caused by theft, fire, or explosion.

3. (a) Water, or water borne contaminants or materials, that flows on, or under, the surface of the ground; waves; tidalwaters; or overflow of a stream or any body of water. **We** do not cover spray from any of these, whether or not driven by wind.
- (b) Water, or water borne contaminants or materials, that escapes from a pool or water system, unless the portion of that pool or water system from which the water escapes is physically located within a building that is permanently attached to the **residence premises**.
- (c) Water, or water borne contaminants or materials, that overflows from sewers, drains, or pumps, if that overflow is caused by the inadequacy of the sewer, drain, or pump system, or by an obstruction of such that is located off of the **residence premises**.
- (d) Water, or water borne contaminants or materials, below the surface of the ground, that exerts pressure on, or flows, seeps, or leaks, through any part of a building or other structure, sidewalk, driveway, or pool.
- (e) Condensation of water vapor.

We do cover **accidental direct physical loss** that occurs subsequent to any of the events or conditions listed in 3(a), 3(b), 3(c), 3(d) and 3(e), above, if that loss is caused by theft, fire or explosion.

5. In the section of the policy headed: "**CONDITIONS-SECTION I**" the following provisions are removed in their entirety: 1. **What To Do In Case Of Loss**; 2. **How Losses Are Settled**; 3. **Appraisal**; and 6. **Loss to a Pair or Set**. Those provisions are replaced with the following provisions:

1. **What To Do In Case Of Loss**

If a covered loss occurs, the **insured** must:

- (a) give **us** immediate written notice of the loss and, if the loss is caused by theft, also notify all appropriate law enforcement authorities;
- (b) protect the property from further damage, making all necessary and reasonable repairs to protect the property, and keep records of the cost of those repairs;
- (c) make a list of all damaged or destroyed property; showing, in detail, quantities, costs, **actual cash value**, and the amount of the loss claimed;
- (d) send to us, within 60 days after loss, a proof of loss signed and sworn to by the **insured**, including:
 - (1) the time, and cause, of the loss;
 - (2) the interest of **insureds**, and all others, in the property;
 - (3) the **actual cash value** of, and the amount of loss to, the property;
 - (4) all encumbrances on the property;
 - (5) all other policies covering the loss;
 - (6) all changes in title, use, occupancy, or possession of the property;
 - (7) if **we** require it, any plans and specifications of any damaged building or fixtures;
- (e) exhibit the damaged property to **us**, or **our** representative, as often as may be reasonably required;
- (f) submit to examinations under oath by any person named by **us**; and sign the transcript of those examinations;
- (g) produce for **our** examination and copying, all books of account, bills, invoices, receipts, and other vouchers as **we** may reasonably require;
- (h) produce for **our** examination and copying, all receipts for increased costs **you** incur to maintain **your** standard of living while **you** reside elsewhere; and all records pertaining to any loss of rental income.

2. **How Losses Are Settled**

- (a) Losses to the following types of property will be settled at the **actual cash value**.
 - (1) Structures that are not buildings;
 - (2) Antiques, fine arts, paintings, statuary, and similar articles which, by their nature, cannot be replaced with new articles;
 - (3) Articles the age or histories of which contribute substantially to their value;
 - (4) Articles the age or condition of which renders them obsolete, or unusable for their originally intended purpose.
 But **we** will pay no more than the smaller of:
 - (1) the cost to repair or replace the damaged property with property of like kind and quality; or
 - (2) the limits of this policy.
- (b) Losses to all other personal property will be settled at the full cost of repair or replacement, without **depreciation**. Radio and television antennas, carpeting, awnings, domestic appliances, and outdoor equipment, whether attached to a building or not,

will be included in this category. The replacement cost of any single item of personal property is limited to the amount it would cost to replace the item with a new item identical to the one damaged, destroyed, or stolen. When an identical item is no longer available, replacement cost is limited to the cost of a new item similar to the item damaged, destroyed, or stolen.

But **we** will pay no more than the smaller of:

- (1) the repair or replacement cost at the time of loss;
- (2) the limit of liability of this policy applicable to the damaged or destroyed property;
- (3) 400% of the **actual cash value**.

- (c) Losses to dwellings and other building structures will initially be settled at **actual cash value**. If, within one year after the date of loss, the dwelling or other building structure is completely repaired or replaced, **we** will pay the amount by which the full cost of the repair or replacement without **depreciation** exceeded the **actual cash value**, up to a maximum payment of 125% of the limits of the dwelling and other structures coverages shown in the declarations. This includes loss to roof surfacing. The full cost of repair or replacement, does not include the cost of excavation, underground pipes, wiring, drains, foundations, or supports below the surface of the lowest basement floor. If there is no basement, it does not include the cost of supports below the surface of the ground.

But **we** will pay no more than the smaller of:

- (1) the cost to replace the damaged dwelling or other building structure with equivalent construction, for equivalent use, on the same premises; or
- (2) the amount actually spent for necessary repair or replacement of the damaged dwelling or other building structure.

- (d) If **we** settle **your** claim by paying the cost of replacement, **we** may, at **our** option, take all, or part, of the damaged property.

3. Voluntary and Non-binding Appraisal

If **you** and **we** fail to agree on the **actual cash value** or amount of loss, as may be required in the applicable policy provision, provided **you** and **we** consent to appraisal, each party will select a competent and disinterested appraiser and notify the other of the appraiser's identity within 20 days after **we** receive proof of loss. The appraisers will select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire.

The appraisers shall then appraise the loss, stating separately the **actual cash value** or loss to each item, as may be required in the applicable policy provision. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the **actual cash value** or amount of loss, as may be required in the applicable policy provision. If they cannot agree, they will submit their differences to the umpire. A written award by two will determine the **actual cash value** or amount of loss. Each party will pay the appraiser it chooses, and equally pay expenses for the umpire and all other expenses of the appraisal.

The appraisal performed hereunder is not binding on **you** or **us**.

6. Loss to a Pair or Set

We may repair or replace any part of a pair or set to restore it to its value before the loss, or **we** may pay the difference between the **actual cash value** of the pair or set before, and after, the loss.

6. In the section of the policy headed: "**EXCLUSIONS – SECTION II**", the following exclusions are added:

Under Personal Liability, **we** do not cover:

8. Liability of any **insured** for **punitive damages**.

9. **Bodily injury** or **property damage** arising out of, or caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

10. Any legal obligation of any **insured** for indemnification or contribution due because of **bodily injury** or **property damage** caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

11. Any loss, cost or expense arising out of any governmental direction or request that any **insured** test for, monitor, clean up, remove, abate, contain, treat or neutralize asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products or any other substance or material containing lead, or any pollutant.

7. In the section of the policy headed: “**ADDITIONAL COVERAGES – SECTION II**”, the entire provision headed: “2. The Following Expenses” is removed and replaced with the following:

2. The Following Expenses:

- (a) All expenses **we** incur in the settlement of any **claim**.
- (b) If a lawsuit is filed against the **insured** for damages that are covered under this section of the policy, **we** will defend the **insured** at **our** expense, using lawyers of **our** choice, and **we** will pay all expenses and attorney’s fees **we** incur in the defense of that lawsuit. **We** are no longer obligated to provide, or to pay for, such defense after **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
- (c) Court costs that are assessed against an **insured** in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney.
- (d) Pre-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E of this policy. However, **our** duty to pay pre-judgment interest on any one **claim** ends when **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
- (e) Post-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E. However, **our** duty to pay post-judgment interest on any one **claim** ends when **we** offer to the judgment creditor, or pay into court, that part of the judgment that **we** owe within **our** limits of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
- (f) The cost of any bonds required by an appellate court to ensure payment of the cost of an appeal, if that appeal is from a judgment in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney. **We** have no duty to furnish, or apply for, any bonds. The limit of **our** liability for the cost of all such bonds is ten percent of the limit of liability under Coverage E. **We** do not cover the cost of supersedeas bonds, or bonds necessary to stay execution of a judgment during the pendency of an appeal from that judgment.
- (g) Up to \$250 for each bail bond needed by an **insured** because of any one **accident** or traffic law violation resulting from the operation of a **land motor vehicle** insured under this policy. **We** have no duty to furnish, or apply for, such bonds.
- (h) Reimbursement that is requested by an **insured**, for reasonable and necessary expenses incurred at **our** request during the defense of a civil lawsuit. This does not include wages or salary lost by an **insured** who **we** ask to attend any proceedings related to the defense of a civil lawsuit.

8. In the section of the policy headed: “**PERSONAL INJURY LIABILITY COVERAGE**”, the definition of “**Personal Injury**” is deleted; and the definition of “**Personal Injury**” set out in paragraph 1 of this endorsement is substituted in its place.

B-826.3-B

HO-5 **EARTHQUAKE** ENDORSEMENT (EXTENSION OF COVERAGES A, B, and C)

WHAT **WE** INSURE UNDER THIS EXTENSION OF COVERAGES

For the additional premium paid, **we** agree to extend Coverages A, B, and C to **accidental direct physical loss** caused by **earthquake**, subject to all the terms and conditions of those coverages except as modified by this endorsement.

EXCLUSIONS TO THIS EXTENSION OF COVERAGES

For claims made under this endorsement **we** will apply all exclusions related to any applicable coverage except exclusion 2 under the heading: "**EXCLUSIONS-SECTION I**". The following exclusions are added and will also apply to claims made under this endorsement:

ADDITIONAL EXCLUSIONS UNDER SECTION I

We do not cover any loss or damage if it would not have occurred in the absence of any event or condition listed below. That loss or damage is excluded from coverage regardless of:

- (a) the proximate cause of that event or condition;
- (b) the efficient proximate cause of that event or condition;
- (c) the fact that other events or conditions, which are not excluded, caused the loss or damage;
- (d) the fact that other events or conditions, which are not excluded, contributed to the loss or damage;
- (e) the sequence of the events or conditions that caused the loss or damage;
- (f) whether the events and conditions that caused the loss or damage occurred suddenly or gradually;
- (g) whether the loss or damage is isolated or widespread;
- (h) whether the loss or damage arises from natural forces or human forces or a combination of such forces; or
- (i) whether the loss or damage was caused by internal forces, external forces, or a combination of such forces.

1. Movement of materials that support, or surround, a structure, unless it is caused directly by an **earthquake**.
2. The sinking, rising, shifting, expanding, or contracting, of earth, or any other supporting or surrounding material, unless it is caused directly by an **earthquake**.
3. Landslides, sinking of ground, subsidence, or erosion, unless it is caused directly by an **earthquake**.
4. Flood or tidal wave, irrespective of its cause and irrespective of the fact that an **earthquake** contributed to its cause.
5. Volcanic explosions, lava flow, mudflow, or mudslides, irrespective of its cause and irrespective of the fact that an **earthquake** contributed to its cause.
6. Movement of materials surrounding covered property resulting from improper construction or compaction, or improper site selection, irrespective of the fact that an **earthquake** contributed to its movement.

We do cover **accidental direct physical loss** caused by fire, if that fire occurs subsequent to any of these causes.

We do not cover damage caused by any **earthquake** or aftershock that occurs after the expiration of this policy.

We do not cover any cost:

1. required to replace, rebuild, stabilize, or otherwise restore, supporting, or surrounding, material, irrespective of the fact that an **earthquake** necessitated such replacement, rebuilding, stabilization or restoration;
2. associated with any repair technique designed to compensate for, or prevent, the instability of supporting, or surrounding, material, irrespective of the fact that an **earthquake** necessitated such repair technique.

HOW **WE** WILL SETTLE CLAIMS MADE UNDER THIS EXTENSION OF COVERAGES

We will settle all claims made under this endorsement in accordance with the section of the policy headed: "**CONDITIONS-SECTION I, 2. How Losses Are Settled**" except that **we** will apply the deductibles set out in this endorsement and not those set out in the policy.

DEDUCTIBLES THAT APPLY TO THIS EXTENSION OF COVERAGES

The deductibles stated in the policy and all provisions related to that deductible do not apply to claims made under this endorsement.

When paying claims made under this endorsement, **we** will apply a separate **earthquake deductible** to all claims paid under each specific coverage. This is a different method of applying deductibles than that used under other portions of this policy and is used only for **earthquake** related claims.

(For example: if the limit of Coverage A were \$100,000, the limit of Coverage B \$10,000, the limit of Coverage C \$75,000; and the deductible percentage shown in the Declarations for this endorsement were 15%; a separate **earthquake deductible** for Coverage A claims of \$15,000 would be applied; a separate **earthquake deductible** for Coverage B claims of \$1,500 would be applied; and a separate **earthquake deductible** of \$11,250 for Coverage C claims would be applied.)

ADDITIONAL DEFINITIONS USED IN THIS EXTENSION OF COVERAGES

All of the definitions stated in the policy apply to claims made under this endorsement and, in addition, the following definitions are added:

1. **Earthquake** means seismic event consisting of one or more scientifically measurable tremors or shocks. All such tremors or shocks that occur within any period of seventy-two hours constitute a single **earthquake** under the terms of this endorsement.
2. **Earthquake deductible** means the specified percentage of the coverage amount shown in the Declarations related to this endorsement.

B-422.31-B

SERFF Tracking Number: SHEL-125649846 State: Arkansas
Filing Company: Shelter Mutual Insurance Company State Tracking Number: #1368559 \$50
Company Tracking Number: 03M20308
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: HO
Project Name/Number: Aufranc/

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-
Property & Casualty **Review Status:** Approved 06/09/2008

Comments:

Please see attachments.

Attachments:

ARPCTD-1_B-422.31-B, B-826-B_.pdf
ARPCFFS-1_B-422.31-B, B-826-B_.pdf

Satisfied -Name: Marked copy of Form B-826-B **Review Status:** 06/02/2008

Comments:

Please see attachment.

Attachment:

B-826.1-B Marked Copy.pdf

Satisfied -Name: Marked Copy of Form B-826.3-B **Review Status:** Approved 06/09/2008

Comments:

Please see attachment.

Attachment:

B826-3BMarked Copy.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only a. Date the filing is received: b. Analyst: c. Disposition: d. Date of disposition of the filing: e. Effective date of filing: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">New Business</td> <td></td> </tr> <tr> <td>Renewal Business</td> <td></td> </tr> </table> f. State Filing #: g. SERFF Filing #: h. Subject Codes	New Business		Renewal Business	
New Business					
Renewal Business					

3. Group Name	Group NAIC #
Shelter Insurance Companies	123

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Shelter Mutual Insurance Company	MO	23388	43-0613000	

5. Company Tracking Number	03M20308
-----------------------------------	-----------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Brian Marcks 1817 West Broadway	Coord. of Ins. Dept. Affairs	573-214-4165	573-446-7317	BCMarcks@ Shelterinsurance. com
	Columbia, MO 65218				
7.	Signature of authorized filer				
8.	Please print name of authorized filer		Brian Marcks		

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	04.0
10.	Sub-Type of Insurance (Sub-TOI)	04.0000 Homeowners
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]	
12.	Company Program Title (Marketing title)	Homeowners
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 10-19-2008 Renewal: 10-19-2008

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16.	Reference Organization (if applicable)	N/A
17.	Reference Organization # & Title	N/A
18.	Company's Date of Filing	May 21, 2008
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	03M20308
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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B-422.31-B will replace B-422.30-B to match definitions used in B-826-B.

New endorsement B-826-B was developed to amend our HO-5 policy as follows:

1. Adds definitions to make the coverages more consistent with those in our newer HO-3 policy.
2. Strengthens the anti-concurrent causation language to avoid misunderstandings about losses resulting from uninsured causes.
3. Replaces the exclusions related to supporting structure movement and water damage with more accurate descriptions of uninsured causes and events.
4. Adds a maximum limit of 125% of the face amount of the policy.
5. Adds exclusions for punitive damages and pollution.
6. Limits payments for judgment interest and the cost of bonds.
7. Eliminates coverage for internet defamation

22.	Filing Fees (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 #: 1368559
Amount: \$50.00

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

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

These pages are informational only and do not need to be submitted with your filings!

Notes for Uniform Property & Casualty Transmittal Document

DESCRIPTION OF ITEMS IN THE PROPERTY AND CASUALTY TRANSMITTAL DOCUMENT

- 1. Reserved for Insurance Dept. Use Only**—this section is for anything the Dept. wishes to capture—such as date stamps, approval stamps, check routing numbers, accounting codes, etc.
- 2. Insurance Department Use Only Box:** Includes the following information: (It is up to the state to determine which, if any, of this info they wish to record—or it may be recorded in #1 box with stamps (for example))
 - a. Date the filing is received by the Insurance Dept.**
 - b. Analyst**—lead analyst who reviewed the filing and assigns final disposition
 - c. Disposition**—this is the disposition that the Dept. assigns—authorized, approved, filed, withdrawn, disapproved, informational only, etc.
 - d. Date of Disposition of the filing**—date filing is finished
 - e. Effective Date of the Filing**—date the filing goes into effect. This date may vary by state—it might be the “approval” date in some states. It might be the implementation date in some states. It might be the received date in some states. The Dept. should use the date that is applicable in their state.
 - f. State Filing #:** The number the state assigns to the filing (if applicable).
 - g. SERFF Filing #:** Some states may use SERFF to track paper filings and will use that SERFF assigned number.
 - h. Subject Codes** – This field is intended to capture one or more Subject Codes for states to track particular attributes of a filing, such as mold exclusions. The codes or terms used would be variable by state.
- 3. Group Name and Group NAIC #** as assigned by NAIC.
- 4. Company Name(s), State of Domicile, NAIC #, FEIN#, State #:** Every company to which this filing applies must be listed and the company information must be supplied, with the exception of the State # (the company specific code) if not available or not required by the filing jurisdiction. A filing that lists a group without supplying company info will not be accepted in most states.
- 5. Company Tracking Number:** The filing number assigned by the insurance company, if any.
- 6. Contact Info of Filer or Corporate Officer:** The company should supply the information on the person the state should contact if there is a question/problem with the filing. If there is more than one person (perhaps, one for rates, one for forms) then both should be listed.
- 7. Signature of authorized filer:** Some states require a signature of the authorized filer. If the filer is third party, a letter of authorization from the insurer must be submitted according to state requirements.
- 8. Please print name of authorized filer:** So we can decipher #7 above!
- 9. Type of Insurance (TOI):** Refer to Uniform Property & Casualty Product Coding Matrix. This corresponds to the column entitled “SERFF Type of Insurance” and roughly corresponds to the annual statement line of business.
- 10. Sub-type of Insurance (Sub-TOI):** Refer to Uniform Property & Casualty Product Coding Matrix. This corresponds to the column entitled “SERFF Sub-Type of Insurance”.
- 11. State Specific Product code(s):** See State Specific Requirements for these codes
- 12. Company Program Title:** Marketing title, if applicable.
- 13. Filing Type:** Choices are Rate/Loss Cost; Rules; Rates/Rules; Forms; Withdrawal; Other.

14. Effective Date Requested: This is the effective date the company requested when they made the filing. It is not necessarily the date the filing officially becomes effective. This is also where the company can indicate the different effective dates for new or renewal business.

15. Reference Filing: Yes/No

16. Reference Organization (if applicable): The name of the advisory organization—i.e. ISO, NCCI, AAIS, etc. or an Insurance Company name if “me too filing” is permitted. Some states allow companies to reference another company’s filing. A “me too” filing is when one company adopts another company’s filing. Usually they are not part of the same group. You should check with each state to determine their rules on these filings. If permitted, use this area to indicate either an advisory organization name or “me too” company name.

17. Reference Organization Number & Title (if applicable): This is the unique number that the reference organization gives to the filing. It is generally not the same number as the circular number.

18. Company’s Date of filing: The date the company sends the filing.

19. Status of filing in domicile: Place for the company to show if filing has been filed in domicile and its status.

20. This filing transmittal is part of Company Tracking #: This ties all of the pages of the transmittal to the same filing. It is helpful for the state.

21. Filing Description: This area can be used in lieu of a cover letter or filing memorandum and is free-form text.

22. Filing Fees: Please refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.

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.)

1.	This filing transmittal is part of Company Tracking #	03M20308			
2.	This filing corresponds to rate/rule filing number <small>(Company tracking number of rate/rule filing, if applicable)</small>	03M20A208			
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
01	HO-5 Earthquake Endorsement (Extensions of Coverages A, B, and C)	B-422.31-B	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	B-422.30-B	
02	HO-5 Master Amendatory Endorsement	B-826-B	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

Effective March 1, 2007

This page is informational only and do not need to be submitted with your filings!

**Notes for Form Filing Transmittal
DESCRIPTION OF ITEMS IN THE FORM FILING SCHEDULE**

FORM FILING SCHEDULE

- 1. This filing transmittal is part of Company Tracking #:** This ties all of the pages of the transmittal to the same filing. It is helpful for the state
- 2. This filing corresponds to rate/rule filing number:** Many states require that rates and forms be submitted separately due to different review procedures that are required by law. For those states, this will tie the form filing with the associated rate filing, if there is one.
- 3. Exhibit/Form Name/Description/Synopsis:** This is a list of forms being filed. **Do not refer to the body of the filing for a separate forms listing, unless allowed by state. This is required information and is required here.** The line numbers below this are to help the Departments that track the number of forms they receive.

HO-5 Master Amendatory Endorsement

Your policy is amended as follows:

1. The following definitions are added:

Accidental direct physical loss means loss of possession of, or actual physical damage to, a part of the covered property which is caused by an accident. It does not include:

- (a) consequential economic damage resulting from such physical damage to that part or to the covered property as a whole,
- (b) consequential economic damage resulting from the inability to restore full monetary value to that part or to the covered property as a whole because of the fact that it has sustained physical damage,
- (c) consequential economic damage resulting from the loss of use of that part or the covered property as a whole,
- (d) consequential economic damage resulting from the inability to match the parts which are repaired or replaced with undamaged adjacent parts, or
- (e) any diminution of the pre-loss value of the covered property after the repair or replacement of its parts.

Actual cash value means the smaller of the total repair cost, or total replacement cost, less **depreciation**, calculated as of the date of the loss. If the law of the state in which this policy is issued limits the factors that may be considered in determining the **actual cash value**, only the factors allowed by such law will be considered.

Depreciation means an amount of money that is deducted from the amount **we** actually pay. That amount is based on the decrease in the value of the property since it was new. It applies to any part that must be repaired or replaced to allow for the repair or replacement of a damaged part, whether or not that part itself is damaged. The condition, age, extent of use, and obsolescence, of the part, and of the property as a whole, will be considered in determining **depreciation**. **Depreciation** also applies to the labor and applicable sales tax necessary to complete covered repairs and replacements. **We** will calculate the percentage by which the materials necessary to the replacement have decreased in value, based on the factors stated above, and apply that same percentage when calculating the **depreciation** applicable to the labor and sales tax.

Personal Injury means economic damage arising directly and proximately from one or more of the following acts of an **insured**:

- (a) false arrest, detention, or imprisonment;
- (b) malicious prosecution;
- (c) defamation by libel or slander except that caused by defamatory materials published on the Internet;
- (d) violation of the right of privacy;
- (e) **wrongful entry**; or
- (f) wrongful eviction.

Punitive damages means a monetary award imposed to punish a wrongdoer and to deter others from similar conduct. It includes exemplary damages. It also includes any damages, or penalties, based upon any legal theory that requires proof of the same standard of conduct necessary to support an award of **punitive damages** or exemplary damages, under the law of the state in which they are awarded.

Wrongful entry means the wrongful intrusion, onto the property of another, by an **insured** and requires the physical presence of an **insured** on the property of another. **Wrongful entry** does not mean the movement of substances from one place to another.

2. In the section of the policy headed: **PERILS WE INSURE AGAINST – SECTION I**, the following sentence is removed:

We cover accidental direct physical loss to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

That sentence is replaced with the following:

We cover **accidental direct physical loss** to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

3. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provision is removed:

We do not cover loss:

- (a) resulting directly or indirectly from any of the following events;
- (b) which would not have occurred in the absence of any of the following events;
- (c) which occurs regardless of the cause of any of the following events; or
- (d) if loss occurs concurrently or in any sequence with any of the events.

That provision is replaced with the following:

We do not cover any loss or damage if it would not have occurred in the absence of any event or condition listed below.

That loss or damage is excluded from coverage regardless of:

- (a) the proximate cause of that event or condition;
- (b) the efficient proximate cause of that event or condition;
- (c) the fact that other events or conditions, which are not excluded, caused the loss or damage;
- (d) the fact that other events or conditions, which are not excluded, contributed to the loss or damage;
- (e) the sequence of the events or conditions that caused the loss or damage;
- (f) whether the events and conditions that caused the loss or damage occurred suddenly or gradually;
- (g) whether the loss or damage is isolated or widespread;
- (h) whether the loss or damage arises from natural forces, human forces, or a combination of such forces;
- (i) whether the loss or damage was caused by internal forces, external forces, or a combination of such forces; or
- (j) whether the loss or damage resulted from the negligence of a person or a group of persons.

4. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provisions are removed:

2. Earthquake or other earth movement including land shock waves or tremors before, during or after volcanic eruption. **We** do cover direct loss that follows caused by fire, explosion, breakage of glass or theft.

3. Water damage, meaning:

- (a) flood, surface water, waves, tidal water or overflow of a body of water. **We** do not cover spray from any of these, whether or not driven by wind;
- (b) water which backs up through sewers or drains; or
- (c) water below the surface of the ground. This includes water which exerts pressure on or flows, seeps or leaks through any part of a building or other structure, sidewalk, driveway or swimming pool.

We do cover any direct loss that follows, caused by theft, fire or explosion.

Those provisions are replaced with the following:

2. Movement of materials that support, or surround, a structure. **We** do not cover damage to any structure including, but not limited to: a) patios, b) pavement, c) foundations, d) walls, e) floors, f) roofs, g) ceilings, or h) slabs, if that damage is caused by the sinking, rising, shifting, expanding, or contracting, of earth or any other supporting, or surrounding, material. This exclusion applies to earthquakes, volcanic explosions, lava flow, landslides, mudflow, mudslides, sinking of ground, subsidence, erosion, movement resulting from improper construction or compaction, improper site selection, or any other force. **We** do not cover any cost required to replace, rebuild, stabilize, or otherwise restore, the supporting, or surrounding, material. **We** do not cover the cost of any repair technique designed to compensate for, or prevent, the instability of supporting, or surrounding, material. **We** do cover **accidental direct physical loss** that occurs subsequent to any of these causes if that loss is caused by theft, fire, or explosion.

3. (a) Water, or water borne contaminants or materials, that flows on, or under, the surface of the ground; waves; tidalwaters; or overflow of a stream or any body of water. **We** do not cover spray from any of these, whether or not driven by wind.
- (b) Water, or water borne contaminants or materials, that escapes from a pool or water system, unless the portion of that pool or water system from which the water escapes is physically located within a building that is permanently attached to the **residence premises**.
- (c) Water, or water borne contaminants or materials, that overflows from sewers, drains, or pumps, if that overflow is caused by the inadequacy of the sewer, drain, or pump system, or by an obstruction of such that is located off of the **residence premises**.
- (d) Water, or water borne contaminants or materials, below the surface of the ground, that exerts pressure on, or flows, seeps, or leaks, through any part of a building or other structure, sidewalk, driveway, or pool.
- (e) Condensation of water vapor.

We do cover **accidental direct physical loss** that occurs subsequent to any of the events or conditions listed in 3(a), 3(b), 3(c), 3(d) and 3(e), above, if that loss is caused by theft, fire or explosion.

5. In the section of the policy headed: "**CONDITIONS-SECTION I**" the following provisions are removed in their entirety: 1. **What To Do In Case Of Loss**; 2. **How Losses Are Settled**; 3. **Appraisal**; and 6. **Loss to a Pair or Set**. Those provisions are replaced with the following provisions:

1. **What To Do In Case Of Loss**

If a covered loss occurs, the **insured** must:

- (a) give **us** immediate written notice of the loss and, if the loss is caused by theft, also notify all appropriate law enforcement authorities;
- (b) protect the property from further damage, making all necessary and reasonable repairs to protect the property, and keep records of the cost of those repairs;
- (c) make a list of all damaged or destroyed property; showing, in detail, quantities, costs, **actual cash value**, and the amount of the loss claimed;
- (d) send to us, within 60 days after loss, a proof of loss signed and sworn to by the **insured**, including:
 - (1) the time, and cause, of the loss;
 - (2) the interest of **insureds**, and all others, in the property;
 - (3) the **actual cash value** of, and the amount of loss to, the property;
 - (4) all encumbrances on the property;
 - (5) all other policies covering the loss;
 - (6) all changes in title, use, occupancy, or possession of the property;
 - (7) if **we** require it, any plans and specifications of any damaged building or fixtures;
- (e) exhibit the damaged property to **us**, or **our** representative, as often as may be reasonably required;
- (f) submit to examinations under oath by any person named by **us**; and sign the transcript of those examinations;
- (g) produce for **our** examination and copying, all books of account, bills, invoices, receipts, and other vouchers as **we** may reasonably require;
- (h) produce for **our** examination and copying, all receipts for increased costs **you** incur to maintain **your** standard of living while **you** reside elsewhere; and all records pertaining to any loss of rental income.

2. **How Losses Are Settled**

- (a) Losses to the following types of property will be settled at the **actual cash value**.
 - (1) Structures that are not buildings;
 - (2) Antiques, fine arts, paintings, statuary, and similar articles which, by their nature, cannot be replaced with new articles;
 - (3) Articles the age or histories of which contribute substantially to their value;
 - (4) Articles the age or condition of which renders them obsolete, or unusable for their originally intended purpose.
 But **we** will pay no more than the smaller of:
 - (1) the cost to repair or replace the damaged property with property of like kind and quality; or
 - (2) the limits of this policy.

(b) Losses to all other personal property will be settled at the full cost of repair or replacement, without **depreciation**. Radio and television antennas, carpeting, awnings, domestic appliances, and outdoor equipment, whether attached to a building or not, will be included in this category. The replacement cost of any single item of personal property is limited to the amount it would cost to replace the item with a new item identical to the one damaged, destroyed, or stolen. When an identical item is no longer available, replacement cost is limited to the cost of a new item similar to the item damaged, destroyed, or stolen.

But **we** will pay no more than the smaller of:

- (1) the repair or replacement cost at the time of loss;
- (2) the limit of liability of this policy applicable to the damaged or destroyed property;
- (3) 400% of the **actual cash value**.

(c) Losses to dwellings and other building structures will initially be settled at **actual cash value**. If, within one year after the date of loss, the dwelling or other building structure is completely repaired or replaced, **we** will pay the amount by which the full cost of the repair or replacement without **depreciation** exceeded the **actual cash value**, up to a maximum payment of 125% of the limits of the dwelling and other structures coverages shown in the declarations. This includes loss to roof surfacing. The full cost of repair or replacement, does not include the cost of excavation, underground pipes, wiring, drains, foundations, or supports below the surface of the lowest basement floor. If there is no basement, it does not include the cost of supports below the surface of the ground.

But **we** will pay no more than the smaller of:

- (1) the cost to replace the damaged dwelling or other building structure with equivalent construction, for equivalent use, on the same premises; or
- (2) the amount actually spent for necessary repair or replacement of the damaged dwelling or other building structure.

(d) If **we** settle **your** claim by paying the cost of replacement, **we** may, at **our** option, take all, or part, of the damaged property.

3. **Appraisal Voluntary and Non-binding Appraisal**

If **we** fail to agree with **you** as to the **actual cash value**, or amount of loss payable, either party may make written demand for an appraisal. Each party will select an appraiser and notify the other of the appraiser's identity within 20 days after the demand for an appraisal is received. The appraisers will then select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days after they are selected, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire. The appraisers shall then appraise the loss, stating separately the **actual cash value** and loss to each item. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the **actual cash value** or amount of loss. If they cannot agree, they will submit their differences to the umpire. A written award by any two of the group comprised of the appraisers and the umpire will determine the **actual cash value** or amount of loss. Each party will pay the appraiser it chooses, and share equally the expenses for the umpire and all other expenses of the appraisal including court costs.

The appraisal performed hereunder is not binding on you or us.

6. **Loss to a Pair or Set**

We may repair or replace any part of a pair or set to restore it to its value before the loss, or **we** may pay the difference between the **actual cash value** of the pair or set before, and after, the loss.

6. In the section of the policy headed: "**EXCLUSIONS – SECTION II**", the following exclusions are added:

Under Personal Liability, **we** do not cover:

8. Liability of any **insured** for **punitive damages**.

9. **Bodily injury** or **property damage** arising out of, or caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

10. Any legal obligation of any **insured** for indemnification or contribution due because of **bodily injury** or **property damage** caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.
 11. Any loss, cost or expense arising out of any governmental direction or request that any **insured** test for, monitor, clean up, remove, abate, contain, treat or neutralize asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products or any other substance or material containing lead, or any pollutant.
7. In the section of the policy headed: “**ADDITIONAL COVERAGES – SECTION II**”, the entire provision headed: “2. The Following Expenses” is removed and replaced with the following:
2. The Following Expenses:
 - (a) All expenses **we** incur in the settlement of any **claim**.
 - (b) If a lawsuit is filed against the **insured** for damages that are covered under this section of the policy, **we** will defend the **insured** at **our** expense, using lawyers of **our** choice, and **we** will pay all expenses and attorney’s fees **we** incur in the defense of that lawsuit. **We** are no longer obligated to provide, or to pay for, such defense after **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (c) Court costs that are assessed against an **insured** in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney.
 - (d) Pre-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E of this policy. However, **our** duty to pay pre-judgment interest on any one **claim** ends when **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (e) Post-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E. However, **our** duty to pay post-judgment interest on any one **claim** ends when **we** offer to the judgment creditor, or pay into court, that part of the judgment that **we** owe within **our** limits of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (f) The cost of any bonds required by an appellate court to ensure payment of the cost of an appeal, if that appeal is from a judgment in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney. **We** have no duty to furnish, or apply for, any bonds. The limit of **our** liability for the cost of all such bonds is ten percent of the limit of liability under Coverage E. **We** do not cover the cost of supersedeas bonds, or bonds necessary to stay execution of a judgment during the pendency of an appeal from that judgment.
 - (g) Up to \$250 for each bail bond needed by an **insured** because of any one **accident** or traffic law violation resulting from the operation of a **land motor vehicle** insured under this policy. **We** have no duty to furnish, or apply for, such bonds.
 - (h) Reimbursement that is requested by an **insured**, for reasonable and necessary expenses incurred at **our** request during the defense of a civil lawsuit. This does not include wages or salary lost by an **insured** who **we** ask to attend any proceedings related to the defense of a civil lawsuit.
8. In the section of the policy headed: “**PERSONAL INJURY LIABILITY COVERAGE**”, the definition of “**Personal Injury**” is deleted; and the definition of “**Personal Injury**” set out in paragraph 1 of this endorsement is substituted in its place.

HO-5 Master Amendatory Endorsement - Arkansas

Your policy is amended as follows:

1. The following definitions are added:

Accidental direct physical loss means loss of possession of, or actual physical damage to, a part of the covered property which is caused by an accident. It does not include:

- (a) consequential economic damage resulting from such physical damage to that part or to the covered property as a whole,
- (b) consequential economic damage resulting from the inability to restore full monetary value to that part or to the covered property as a whole because of the fact that it has sustained physical damage,
- (c) consequential economic damage resulting from the loss of use of that part or the covered property as a whole,
- (d) consequential economic damage resulting from the inability to match the parts which are repaired or replaced with undamaged adjacent parts, or
- (e) any diminution of the pre-loss value of the covered property after the repair or replacement of its parts.

Actual cash value means the smaller of the total repair cost, or total replacement cost, less **depreciation**, calculated as of the date of the loss. If the law of the state in which this policy is issued limits the factors that may be considered in determining the **actual cash value**, only the factors allowed by such law will be considered.

Depreciation means an amount of money that is deducted from the amount **we** actually pay. That amount is based on the decrease in the value of the property since it was new. It applies to any part that must be repaired or replaced to allow for the repair or replacement of a damaged part, whether or not that part itself is damaged. The condition, age, extent of use, and obsolescence, of the part, and of the property as a whole, will be considered in determining **depreciation**. **Depreciation** also applies to the labor and applicable sales tax necessary to complete covered repairs and replacements. **We** will calculate the percentage by which the materials necessary to the replacement have decreased in value, based on the factors stated above, and apply that same percentage when calculating the **depreciation** applicable to the labor and sales tax.

Personal Injury means economic damage arising directly and proximately from one or more of the following acts of an **insured**:

- (a) false arrest, detention, or imprisonment;
- (b) malicious prosecution;
- (c) defamation by libel or slander except that caused by defamatory materials published on the Internet;
- (d) violation of the right of privacy;
- (e) **wrongful entry**; or
- (f) wrongful eviction.

Punitive damages means a monetary award imposed to punish a wrongdoer and to deter others from similar conduct. It includes exemplary damages. It also includes any damages, or penalties, based upon any legal theory that requires proof of the same standard of conduct necessary to support an award of **punitive damages** or exemplary damages, under the law of the state in which they are awarded.

Wrongful entry means the wrongful intrusion, onto the property of another, by an **insured** and requires the physical presence of an **insured** on the property of another. **Wrongful entry** does not mean the movement of substances from one place to another.

2. In the section of the policy headed: **PERILS WE INSURE AGAINST – SECTION I**, the following sentence is removed:

We cover accidental direct physical loss to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

That sentence is replaced with the following:

We cover **accidental direct physical loss** to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

3. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provision is removed:

We do not cover loss:

- (a) resulting directly or indirectly from any of the following events;
- (b) which would not have occurred in the absence of any of the following events;
- (c) which occurs regardless of the cause of any of the following events; or
- (d) if loss occurs concurrently or in any sequence with any of the events.

That provision is replaced with the following:

We do not cover any loss or damage if it would not have occurred in the absence of any event or condition listed below. That loss or damage is excluded from coverage regardless of:

- (a) the proximate cause of that event or condition;
- (b) the efficient proximate cause of that event or condition;
- (c) the fact that other events or conditions, which are not excluded, caused the loss or damage;
- (d) the fact that other events or conditions, which are not excluded, contributed to the loss or damage;
- (e) the sequence of the events or conditions that caused the loss or damage;
- (f) whether the events and conditions that caused the loss or damage occurred suddenly or gradually;
- (g) whether the loss or damage is isolated or widespread;
- (h) whether the loss or damage arises from natural forces, human forces, or a combination of such forces;
- (i) whether the loss or damage was caused by internal forces, external forces, or a combination of such forces; or
- (j) whether the loss or damage resulted from the negligence of a person or a group of persons.

4. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provisions are removed:

- 2. Earthquake or other earth movement including land shock waves or tremors before, during or after volcanic eruption. **We** do cover direct loss that follows caused by fire, explosion, breakage of glass or theft.
- 3. Water damage, meaning:
 - (a) flood, surface water, waves, tidal water or overflow of a body of water. **We** do not cover spray from any of these, whether or not driven by wind;
 - (b) water which backs up through sewers or drains; or
 - (c) water below the surface of the ground. This includes water which exerts pressure on or flows, seeps or leaks through any part of a building or other structure, sidewalk, driveway or swimming pool.

We do cover any direct loss that follows, caused by theft, fire or explosion.

Those provisions are replaced with the following:

- 2. Movement of materials that support, or surround, a structure. **We** do not cover damage to any structure including, but not limited to: a) patios, b) pavement, c) foundations, d) walls, e) floors, f) roofs, g) ceilings, or h) slabs, if that damage is caused by the sinking, rising, shifting, expanding, or contracting, of earth or any other supporting, or surrounding, material. This exclusion applies to earthquakes, volcanic explosions, lava flow, landslides, mudflow, mudslides, sinking of ground, subsidence, erosion, movement resulting from improper construction or compaction, improper site selection, or any other force. **We** do not cover any cost required to replace, rebuild, stabilize, or otherwise restore, the supporting, or surrounding, material. **We** do not cover the cost of any repair technique designed to compensate for, or prevent, the instability of supporting, or surrounding, material. **We** do cover **accidental direct physical loss** that occurs subsequent to any of these causes if that loss is caused by theft, fire, or fire, or explosion. **We** do cover **accidental direct physical loss** that occurs subsequent to any of these causes if that loss is caused by theft, fire, or explosion.

3. (a) Water, or water borne contaminants or materials, that flows on, or under, the surface of the ground; waves; tidalwaters; or overflow of a stream or any body of water. **We** do not cover spray from any of these, whether or not driven by wind.
- (b) Water, or water borne contaminants or materials, that escapes from a pool or water system, unless the portion of that pool or water system from which the water escapes is physically located within a building that is permanently attached to the **residence premises**.
- (c) Water, or water borne contaminants or materials, that overflows from sewers, drains, or pumps, if that overflow is caused by the inadequacy of the sewer, drain, or pump system, or by an obstruction of such that is located off of the **residence premises**.
- (d) Water, or water borne contaminants or materials, below the surface of the ground, that exerts pressure on, or flows, seeps, or leaks, through any part of a building or other structure, sidewalk, driveway, or pool.
- (e) Condensation of water vapor.

We do cover **accidental direct physical loss** that occurs subsequent to any of the events or conditions listed in 3(a), 3(b), 3(c), 3(d) and 3(e), above, if that loss is caused by theft, fire or explosion.

5. In the section of the policy headed: "**CONDITIONS-SECTION I**" the following provisions are removed in their entirety: 1. **What To Do In Case Of Loss**; 2. **How Losses Are Settled**; 3. **Appraisal**; and 6. **Loss to a Pair or Set**. Those provisions are replaced with the following provisions:

1. **What To Do In Case Of Loss**

If a covered loss occurs, the **insured** must:

- (a) give **us** immediate written notice of the loss and, if the loss is caused by theft, also notify all appropriate law enforcement authorities;
- (b) protect the property from further damage, making all necessary and reasonable repairs to protect the property, and keep records of the cost of those repairs;
- (c) make a list of all damaged or destroyed property; showing, in detail, quantities, costs, **actual cash value**, and the amount of the loss claimed;
- (d) send to us, within 60 days after loss, a proof of loss signed and sworn to by the **insured**, including:
 - (1) the time, and cause, of the loss;
 - (2) the interest of **insureds**, and all others, in the property;
 - (3) the **actual cash value** of, and the amount of loss to, the property;
 - (4) all encumbrances on the property;
 - (5) all other policies covering the loss;
 - (6) all changes in title, use, occupancy, or possession of the property;
 - (7) if **we** require it, any plans and specifications of any damaged building or fixtures;
- (e) exhibit the damaged property to **us**, or **our** representative, as often as may be reasonably required;
- (f) submit to examinations under oath by any person named by **us**; and sign the transcript of those examinations;
- (g) produce for **our** examination and copying, all books of account, bills, invoices, receipts, and other vouchers as **we** may reasonably require;
- (h) produce for **our** examination and copying, all receipts for increased costs **you** incur to maintain **your** standard of living while **you** reside elsewhere; and all records pertaining to any loss of rental income.

2. **How Losses Are Settled**

- (a) Losses to the following types of property will be settled at the **actual cash value**.
 - (1) Structures that are not buildings;
 - (2) Antiques, fine arts, paintings, statuary, and similar articles which, by their nature, cannot be replaced with new articles;
 - (3) Articles the age or histories of which contribute substantially to their value;
 - (4) Articles the age or condition of which renders them obsolete, or unusable for their originally intended purpose.
 But **we** will pay no more than the smaller of:
 - (1) the cost to repair or replace the damaged property with property of like kind and quality; or
 - (2) the limits of this policy.

- (b) Losses to all other personal property will be settled at the full cost of repair or replacement, without **depreciation**. Radio and television antennas, carpeting, awnings, domestic appliances, and outdoor equipment, whether attached to a building or not, will be included in this category. The replacement cost of any single item of personal property is limited to the amount it would cost to replace the item with a new item identical to the one damaged, destroyed, or stolen. When an identical item is no longer available, replacement cost is limited to the cost of a new item similar to the item damaged, destroyed, or stolen. But **we** will pay no more than the smaller of:
- (1) the repair or replacement cost at the time of loss;
 - (2) the limit of liability of this policy applicable to the damaged or destroyed property;
 - (3) 400% of the **actual cash value**.
- (c) Losses to dwellings and other building structures will initially be settled at **actual cash value**. If, within one year after the date of loss, the dwelling or other building structure is completely repaired or replaced, **we** will pay the amount by which the full cost of the repair or replacement without **depreciation** exceeded the **actual cash value**, up to a maximum payment of 125% of the limits of the dwelling and other structures coverages shown in the declarations. This includes loss to roof surfacing. The full cost of repair or replacement, does not include the cost of excavation, underground pipes, wiring, drains, foundations, or supports below the surface of the lowest basement floor. If there is no basement, it does not include the cost of supports below the surface of the ground. But **we** will pay no more than the smaller of:
- (1) the cost to replace the damaged dwelling or other building structure with equivalent construction, for equivalent use, on the same premises; or
 - (2) the amount actually spent for necessary repair or replacement of the damaged dwelling or other building structure.
- (d) If **we** settle **your** claim by paying the cost of replacement, **we** may, at **our** option, take all, or part, of the damaged property.

3. Voluntary and Non-binding Appraisal

~~If **we** fail to agree with **you** as to the **actual cash value**, or amount of loss payable, either party may make written demand for an appraisal. Each party will select an appraiser and notify the other of the appraiser's identity within 20 days after the demand for an appraisal is received. The appraisers will then select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days after they are selected, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire. The appraisers shall then appraise the loss, stating separately the **actual cash value** and loss to each item. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the **actual cash value** or amount of loss. If they cannot agree, they will submit their differences to the umpire. A written award by any two of the group comprised of the appraisers and the umpire will determine the **actual cash value** or amount of loss. Each party will pay the appraiser it chooses, and share equally the expenses for the umpire and all other expenses of the appraisal including court costs.~~

~~The appraisal performed hereunder is not binding on **you** or **us**.~~

3. Voluntary and Non-binding Appraisal

If **you** and **we** fail to agree on the **actual cash value** or amount of loss, as may be required in the applicable policy provision, provided **you** and **we** consent to appraisal, each party will select an competent and disinterested appraiser and notify the other of the appraiser's identity within 20 days after **we** receive proof of loss. The appraisers will select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire.

The appraisers shall then appraise the loss, stating separately the **actual cash value** or loss to each item, as may be required in the applicable policy provision. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the **actual cash value** or amount of loss, as may be required in the applicable policy provision. If they cannot agree, they will submit their differences to the umpire. A written award by two will determine the **actual cash value** or amount of loss. Each party will pay the appraiser it chooses, and equally pay expenses for the umpire and all other expenses of the appraisal.

The appraisal performed hereunder is not binding on **you** or **us**.

6. **Loss to a Pair or Set**

We may repair or replace any part of a pair or set to restore it to its value before the loss, or **we** may pay the difference between the **actual cash value** of the pair or set before, and after, the loss.

6. In the section of the policy headed: “**EXCLUSIONS – SECTION II**”, the following exclusions are added:

Under Personal Liability, **we** do not cover:

8. Liability of any **insured** for **punitive damages**.
9. **Bodily injury** or **property damage** arising out of, or caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.
10. Any legal obligation of any **insured** for indemnification or contribution due because of **bodily injury** or **property damage** caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.
11. Any loss, cost or expense arising out of any governmental direction or request that any **insured** test for, monitor, clean up, remove, abate, contain, treat or neutralize asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products or any other substance or material containing lead, or any pollutant.

7. In the section of the policy headed: “**ADDITIONAL COVERAGES – SECTION II**”, the entire provision headed: “2. The Following Expenses” is removed and replaced with the following:

2. The Following Expenses:

- (a) All expenses **we** incur in the settlement of any **claim**.
- (b) If a lawsuit is filed against the **insured** for damages that are covered under this section of the policy, **we** will defend the **insured** at **our** expense, using lawyers of **our** choice, and **we** will pay all expenses and attorney’s fees **we** incur in the defense of that lawsuit. **We** are no longer obligated to provide, or to pay for, such defense after **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
- (c) Court costs that are assessed against an **insured** in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney.
- (d) Pre-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E of this policy. However, **our** duty to pay pre-judgment interest on any one **claim** ends when **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
- (e) Post-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E. However, **our** duty to pay post-judgment interest on any one **claim** ends when **we** offer to the judgment creditor, or pay into court, that part of the judgment that **we** owe within **our** limits of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
- (f) The cost of any bonds required by an appellate court to ensure payment of the cost of an appeal, if that appeal is from a judgment in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney. **We** have no duty to furnish, or apply for, any bonds. The limit of **our** liability for the cost of all such bonds is ten percent of the limit of liability under Coverage E. **We** do not cover the cost of supersedeas bonds, or bonds necessary to stay execution of a judgment during the pendency of an appeal from that judgment.
- (g) Up to \$250 for each bail bond needed by an **insured** because of any one **accident** or traffic law violation resulting from the operation of a **land motor vehicle** insured under this policy. **We** have no duty to furnish, or apply for, such bonds.

(h) Reimbursement that is requested by an **insured**, for reasonable and necessary expenses incurred at **our** request during the defense of a civil lawsuit. This does not include wages or salary lost by an **insured** who **we** ask to attend any proceedings related to the defense of a civil lawsuit.

8. In the section of the policy headed: "**PERSONAL INJURY LIABILITY COVERAGE**", the definition of "**Personal Injury**" is deleted; and the definition of "**Personal Injury**" set out in paragraph 1 of this endorsement is substituted in its place.

SERFF Tracking Number: *SHEL-125649846* *State:* *Arkansas*
Filing Company: *Shelter Mutual Insurance Company* *State Tracking Number:* *#1368559 \$50*
Company Tracking Number: *03M20308*
TOI: *04.0 Homeowners* *Sub-TOI:* *04.0000 Homeowners Sub-TOI Combinations*
Product Name: *HO*
Project Name/Number: *Aufranc/*

Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Original Date:	Schedule	Document Name	Replaced Date	Attach Document
No original date	Form	HO-5 Master Amendatory Endorsement	06/02/2008	B826-1B.pdf
No original date	Form	HO-5 Master Amendatory Endorsement	05/20/2008	B826B.pdf

HO-5 Master Amendatory Endorsement

Your policy is amended as follows:

1. The following definitions are added:

Accidental direct physical loss means loss of possession of, or actual physical damage to, a part of the covered property which is caused by an accident. It does not include:

- (a) consequential economic damage resulting from such physical damage to that part or to the covered property as a whole,
- (b) consequential economic damage resulting from the inability to restore full monetary value to that part or to the covered property as a whole because of the fact that it has sustained physical damage,
- (c) consequential economic damage resulting from the loss of use of that part or the covered property as a whole,
- (d) consequential economic damage resulting from the inability to match the parts which are repaired or replaced with undamaged adjacent parts, or
- (e) any diminution of the pre-loss value of the covered property after the repair or replacement of its parts.

Actual cash value means the smaller of the total repair cost, or total replacement cost, less **depreciation**, calculated as of the date of the loss. If the law of the state in which this policy is issued limits the factors that may be considered in determining the **actual cash value**, only the factors allowed by such law will be considered.

Depreciation means an amount of money that is deducted from the amount **we** actually pay. That amount is based on the decrease in the value of the property since it was new. It applies to any part that must be repaired or replaced to allow for the repair or replacement of a damaged part, whether or not that part itself is damaged. The condition, age, extent of use, and obsolescence, of the part, and of the property as a whole, will be considered in determining **depreciation**. **Depreciation** also applies to the labor and applicable sales tax necessary to complete covered repairs and replacements. **We** will calculate the percentage by which the materials necessary to the replacement have decreased in value, based on the factors stated above, and apply that same percentage when calculating the **depreciation** applicable to the labor and sales tax.

Personal Injury means economic damage arising directly and proximately from one or more of the following acts of an **insured**:

- (a) false arrest, detention, or imprisonment;
- (b) malicious prosecution;
- (c) defamation by libel or slander except that caused by defamatory materials published on the Internet;
- (d) violation of the right of privacy;
- (e) **wrongful entry**; or
- (f) wrongful eviction.

Punitive damages means a monetary award imposed to punish a wrongdoer and to deter others from similar conduct. It includes exemplary damages. It also includes any damages, or penalties, based upon any legal theory that requires proof of the same standard of conduct necessary to support an award of **punitive damages** or exemplary damages, under the law of the state in which they are awarded.

Wrongful entry means the wrongful intrusion, onto the property of another, by an **insured** and requires the physical presence of an **insured** on the property of another. **Wrongful entry** does not mean the movement of substances from one place to another.

2. In the section of the policy headed: **PERILS WE INSURE AGAINST – SECTION I**, the following sentence is removed:

We cover accidental direct physical loss to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

That sentence is replaced with the following:

We cover **accidental direct physical loss** to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

3. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provision is removed:

We do not cover loss:

- (a) resulting directly or indirectly from any of the following events;
- (b) which would not have occurred in the absence of any of the following events;
- (c) which occurs regardless of the cause of any of the following events; or
- (d) if loss occurs concurrently or in any sequence with any of the events.

That provision is replaced with the following:

We do not cover any loss or damage if it would not have occurred in the absence of any event or condition listed below. That loss or damage is excluded from coverage regardless of:

- (a) the proximate cause of that event or condition;
- (b) the efficient proximate cause of that event or condition;
- (c) the fact that other events or conditions, which are not excluded, caused the loss or damage;
- (d) the fact that other events or conditions, which are not excluded, contributed to the loss or damage;
- (e) the sequence of the events or conditions that caused the loss or damage;
- (f) whether the events and conditions that caused the loss or damage occurred suddenly or gradually;
- (g) whether the loss or damage is isolated or widespread;
- (h) whether the loss or damage arises from natural forces, human forces, or a combination of such forces;
- (i) whether the loss or damage was caused by internal forces, external forces, or a combination of such forces; or
- (j) whether the loss or damage resulted from the negligence of a person or a group of persons.

4. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provisions are removed:

2. Earthquake or other earth movement including land shock waves or tremors before, during or after volcanic eruption. **We** do cover direct loss that follows caused by fire, explosion, breakage of glass or theft.

3. Water damage, meaning:

- (a) flood, surface water, waves, tidal water or overflow of a body of water. **We** do not cover spray from any of these, whether or not driven by wind;
- (b) water which backs up through sewers or drains; or
- (c) water below the surface of the ground. This includes water which exerts pressure on or flows, seeps or leaks through any part of a building or other structure, sidewalk, driveway or swimming pool.

We do cover any direct loss that follows, caused by theft, fire or explosion.

Those provisions are replaced with the following:

2. Movement of materials that support, or surround, a structure. **We** do not cover damage to any structure including, but not limited to: a) patios, b) pavement, c) foundations, d) walls, e) floors, f) roofs, g) ceilings, or h) slabs, if that damage is caused by the sinking, rising, shifting, expanding, or contracting, of earth or any other supporting, or surrounding, material. This exclusion applies to earthquakes, volcanic explosions, lava flow, landslides, mudflow, mudslides, sinking of ground, subsidence, erosion, movement resulting from improper construction or compaction, improper site selection, or any other force. **We** do not cover any cost required to replace, rebuild, stabilize, or otherwise restore, the supporting, or surrounding, material. **We** do not cover the cost of any repair technique designed to compensate for, or prevent, the instability of supporting, or surrounding, material. **We** do cover **accidental direct physical loss** that occurs subsequent to any of these causes if that loss is caused by theft, fire, or explosion.

3. (a) Water, or water borne contaminants or materials, that flows on, or under, the surface of the ground; waves; tidalwaters; or overflow of a stream or any body of water. **We** do not cover spray from any of these, whether or not driven by wind.
- (b) Water, or water borne contaminants or materials, that escapes from a pool or water system, unless the portion of that pool or water system from which the water escapes is physically located within a building that is permanently attached to the **residence premises**.
- (c) Water, or water borne contaminants or materials, that overflows from sewers, drains, or pumps, if that overflow is caused by the inadequacy of the sewer, drain, or pump system, or by an obstruction of such that is located off of the **residence premises**.
- (d) Water, or water borne contaminants or materials, below the surface of the ground, that exerts pressure on, or flows, seeps, or leaks, through any part of a building or other structure, sidewalk, driveway, or pool.
- (e) Condensation of water vapor.

We do cover **accidental direct physical loss** that occurs subsequent to any of the events or conditions listed in 3(a), 3(b), 3(c), 3(d) and 3(e), above, if that loss is caused by theft, fire or explosion.

5. In the section of the policy headed: "**CONDITIONS-SECTION I**" the following provisions are removed in their entirety: 1. **What To Do In Case Of Loss**; 2. **How Losses Are Settled**; 3. **Appraisal**; and 6. **Loss to a Pair or Set**. Those provisions are replaced with the following provisions:

1. **What To Do In Case Of Loss**

If a covered loss occurs, the **insured** must:

- (a) give **us** immediate written notice of the loss and, if the loss is caused by theft, also notify all appropriate law enforcement authorities;
- (b) protect the property from further damage, making all necessary and reasonable repairs to protect the property, and keep records of the cost of those repairs;
- (c) make a list of all damaged or destroyed property; showing, in detail, quantities, costs, **actual cash value**, and the amount of the loss claimed;
- (d) send to us, within 60 days after loss, a proof of loss signed and sworn to by the **insured**, including:
 - (1) the time, and cause, of the loss;
 - (2) the interest of **insureds**, and all others, in the property;
 - (3) the **actual cash value** of, and the amount of loss to, the property;
 - (4) all encumbrances on the property;
 - (5) all other policies covering the loss;
 - (6) all changes in title, use, occupancy, or possession of the property;
 - (7) if **we** require it, any plans and specifications of any damaged building or fixtures;
- (e) exhibit the damaged property to **us**, or **our** representative, as often as may be reasonably required;
- (f) submit to examinations under oath by any person named by **us**; and sign the transcript of those examinations;
- (g) produce for **our** examination and copying, all books of account, bills, invoices, receipts, and other vouchers as **we** may reasonably require;
- (h) produce for **our** examination and copying, all receipts for increased costs **you** incur to maintain **your** standard of living while **you** reside elsewhere; and all records pertaining to any loss of rental income.

2. **How Losses Are Settled**

- (a) Losses to the following types of property will be settled at the **actual cash value**.
 - (1) Structures that are not buildings;
 - (2) Antiques, fine arts, paintings, statuary, and similar articles which, by their nature, cannot be replaced with new articles;
 - (3) Articles the age or histories of which contribute substantially to their value;
 - (4) Articles the age or condition of which renders them obsolete, or unusable for their originally intended purpose.
 But **we** will pay no more than the smaller of:
 - (1) the cost to repair or replace the damaged property with property of like kind and quality; or
 - (2) the limits of this policy.

(b) Losses to all other personal property will be settled at the full cost of repair or replacement, without **depreciation**. Radio and television antennas, carpeting, awnings, domestic appliances, and outdoor equipment, whether attached to a building or not, will be included in this category. The replacement cost of any single item of personal property is limited to the amount it would cost to replace the item with a new item identical to the one damaged, destroyed, or stolen. When an identical item is no longer available, replacement cost is limited to the cost of a new item similar to the item damaged, destroyed, or stolen.

But **we** will pay no more than the smaller of:

- (1) the repair or replacement cost at the time of loss;
- (2) the limit of liability of this policy applicable to the damaged or destroyed property;
- (3) 400% of the **actual cash value**.

(c) Losses to dwellings and other building structures will initially be settled at **actual cash value**. If, within one year after the date of loss, the dwelling or other building structure is completely repaired or replaced, **we** will pay the amount by which the full cost of the repair or replacement without **depreciation** exceeded the **actual cash value**, up to a maximum payment of 125% of the limits of the dwelling and other structures coverages shown in the declarations. This includes loss to roof surfacing. The full cost of repair or replacement, does not include the cost of excavation, underground pipes, wiring, drains, foundations, or supports below the surface of the lowest basement floor. If there is no basement, it does not include the cost of supports below the surface of the ground.

But **we** will pay no more than the smaller of:

- (1) the cost to replace the damaged dwelling or other building structure with equivalent construction, for equivalent use, on the same premises; or
- (2) the amount actually spent for necessary repair or replacement of the damaged dwelling or other building structure.

(d) If **we** settle **your** claim by paying the cost of replacement, **we** may, at **our** option, take all, or part, of the damaged property.

3. **Voluntary and Non-binding Appraisal**

If **we** fail to agree with **you** as to the **actual cash value**, or amount of loss payable, either party may make written demand for an appraisal. Each party will select an appraiser and notify the other of the appraiser's identity within 20 days after the demand for an appraisal is received. The appraisers will then select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days after they are selected, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire. The appraisers shall then appraise the loss, stating separately the **actual cash value** and loss to each item. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the **actual cash value** or amount of loss. If they cannot agree, they will submit their differences to the umpire. A written award by any two of the group comprised of the appraisers and the umpire will determine the **actual cash value** or amount of loss. Each party will pay the appraiser it chooses, and share equally the expenses for the umpire and all other expenses of the appraisal including court costs.

The appraisal performed hereunder is not binding on **you** or **us**.

6. **Loss to a Pair or Set**

We may repair or replace any part of a pair or set to restore it to its value before the loss, or **we** may pay the difference between the **actual cash value** of the pair or set before, and after, the loss.

6. In the section of the policy headed: "**EXCLUSIONS – SECTION II**", the following exclusions are added:

Under Personal Liability, **we** do not cover:

8. Liability of any **insured** for **punitive damages**.

9. **Bodily injury** or **property damage** arising out of, or caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

10. Any legal obligation of any **insured** for indemnification or contribution due because of **bodily injury** or **property damage** caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.
 11. Any loss, cost or expense arising out of any governmental direction or request that any **insured** test for, monitor, clean up, remove, abate, contain, treat or neutralize asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products or any other substance or material containing lead, or any pollutant.
7. In the section of the policy headed: “**ADDITIONAL COVERAGES – SECTION II**”, the entire provision headed: “2. The Following Expenses” is removed and replaced with the following:
2. The Following Expenses:
 - (a) All expenses **we** incur in the settlement of any **claim**.
 - (b) If a lawsuit is filed against the **insured** for damages that are covered under this section of the policy, **we** will defend the **insured** at **our** expense, using lawyers of **our** choice, and **we** will pay all expenses and attorney’s fees **we** incur in the defense of that lawsuit. **We** are no longer obligated to provide, or to pay for, such defense after **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (c) Court costs that are assessed against an **insured** in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney.
 - (d) Pre-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E of this policy. However, **our** duty to pay pre-judgment interest on any one **claim** ends when **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (e) Post-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E. However, **our** duty to pay post-judgment interest on any one **claim** ends when **we** offer to the judgment creditor, or pay into court, that part of the judgment that **we** owe within **our** limits of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (f) The cost of any bonds required by an appellate court to ensure payment of the cost of an appeal, if that appeal is from a judgment in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney. **We** have no duty to furnish, or apply for, any bonds. The limit of **our** liability for the cost of all such bonds is ten percent of the limit of liability under Coverage E. **We** do not cover the cost of supersedeas bonds, or bonds necessary to stay execution of a judgment during the pendency of an appeal from that judgment.
 - (g) Up to \$250 for each bail bond needed by an **insured** because of any one **accident** or traffic law violation resulting from the operation of a **land motor vehicle** insured under this policy. **We** have no duty to furnish, or apply for, such bonds.
 - (h) Reimbursement that is requested by an **insured**, for reasonable and necessary expenses incurred at **our** request during the defense of a civil lawsuit. This does not include wages or salary lost by an **insured** who **we** ask to attend any proceedings related to the defense of a civil lawsuit.
8. In the section of the policy headed: “**PERSONAL INJURY LIABILITY COVERAGE**”, the definition of “**Personal Injury**” is deleted; and the definition of “**Personal Injury**” set out in paragraph 1 of this endorsement is substituted in its place.

HO-5 Master Amendatory Endorsement

Your policy is amended as follows:

1. The following definitions are added:

Accidental direct physical loss means loss of possession of, or actual physical damage to, a part of the covered property which is caused by an accident. It does not include:

- (a) consequential economic damage resulting from such physical damage to that part or to the covered property as a whole,
- (b) consequential economic damage resulting from the inability to restore full monetary value to that part or to the covered property as a whole because of the fact that it has sustained physical damage,
- (c) consequential economic damage resulting from the loss of use of that part or the covered property as a whole,
- (d) consequential economic damage resulting from the inability to match the parts which are repaired or replaced with undamaged adjacent parts, or
- (e) any diminution of the pre-loss value of the covered property after the repair or replacement of its parts.

Actual cash value means the smaller of the total repair cost, or total replacement cost, less **depreciation**, calculated as of the date of the loss. If the law of the state in which this policy is issued limits the factors that may be considered in determining the **actual cash value**, only the factors allowed by such law will be considered.

Depreciation means an amount of money that is deducted from the amount **we** actually pay. That amount is based on the decrease in the value of the property since it was new. It applies to any part that must be repaired or replaced to allow for the repair or replacement of a damaged part, whether or not that part itself is damaged. The condition, age, extent of use, and obsolescence, of the part, and of the property as a whole, will be considered in determining **depreciation**. **Depreciation** also applies to the labor and applicable sales tax necessary to complete covered repairs and replacements. **We** will calculate the percentage by which the materials necessary to the replacement have decreased in value, based on the factors stated above, and apply that same percentage when calculating the **depreciation** applicable to the labor and sales tax.

Personal Injury means economic damage arising directly and proximately from one or more of the following acts of an **insured**:

- (a) false arrest, detention, or imprisonment;
- (b) malicious prosecution;
- (c) defamation by libel or slander except that caused by defamatory materials published on the Internet;
- (d) violation of the right of privacy;
- (e) **wrongful entry**; or
- (f) wrongful eviction.

Punitive damages means a monetary award imposed to punish a wrongdoer and to deter others from similar conduct. It includes exemplary damages. It also includes any damages, or penalties, based upon any legal theory that requires proof of the same standard of conduct necessary to support an award of **punitive damages** or exemplary damages, under the law of the state in which they are awarded.

Wrongful entry means the wrongful intrusion, onto the property of another, by an **insured** and requires the physical presence of an **insured** on the property of another. **Wrongful entry** does not mean the movement of substances from one place to another.

2. In the section of the policy headed: **PERILS WE INSURE AGAINST – SECTION I**, the following sentence is removed:

We cover accidental direct physical loss to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

That sentence is replaced with the following:

We cover accidental direct physical loss to property covered under the Dwelling and Other Structures Coverages except for losses excluded in this section.

3. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provision is removed:

We do not cover loss:

- (a) resulting directly or indirectly from any of the following events;
- (b) which would not have occurred in the absence of any of the following events;
- (c) which occurs regardless of the cause of any of the following events; or
- (d) if loss occurs concurrently or in any sequence with any of the events.

That provision is replaced with the following:

We do not cover any loss or damage if it would not have occurred in the absence of any event or condition listed below. That loss or damage is excluded from coverage regardless of:

- (a) the proximate cause of that event or condition;
- (b) the efficient proximate cause of that event or condition;
- (c) the fact that other events or conditions, which are not excluded, caused the loss or damage;
- (d) the fact that other events or conditions, which are not excluded, contributed to the loss or damage;
- (e) the sequence of the events or conditions that caused the loss or damage;
- (f) whether the events and conditions that caused the loss or damage occurred suddenly or gradually;
- (g) whether the loss or damage is isolated or widespread;
- (h) whether the loss or damage arises from natural forces, human forces, or a combination of such forces;
- (i) whether the loss or damage was caused by internal forces, external forces, or a combination of such forces; or
- (j) whether the loss or damage resulted from the negligence of a person or a group of persons.

4. In the section of the policy headed: “**EXCLUSIONS – SECTION I**”, the following provisions are removed:

2. Earthquake or other earth movement including land shock waves or tremors before, during or after volcanic eruption. **We do cover direct loss that follows caused by fire, explosion, breakage of glass or theft.**

3. Water damage, meaning:

- (a) flood, surface water, waves, tidal water or overflow of a body of water. **We do not cover spray from any of these, whether or not driven by wind;**
- (b) water which backs up through sewers or drains; or
- (c) water below the surface of the ground. This includes water which exerts pressure on or flows, seeps or leaks through any part of a building or other structure, sidewalk, driveway or swimming pool.

We do cover any direct loss that follows, caused by theft, fire or explosion.

Those provisions are replaced with the following:

2. Movement of materials that support, or surround, a structure. **We do not cover damage to any structure including, but not limited to: a) patios, b) pavement, c) foundations, d) walls, e) floors, f) roofs, g) ceilings, or h) slabs, if that damage is caused by the sinking, rising, shifting, expanding, or contracting, of earth or any other supporting, or surrounding, material. This exclusion applies to earthquakes, volcanic explosions, lava flow, landslides, mudflow, mudslides, sinking of ground, subsidence, erosion, movement resulting from improper construction or compaction, improper site selection, or any other force. We do not cover any cost required to replace, rebuild, stabilize, or otherwise restore, the supporting, or surrounding, material. We do not cover the cost of any repair technique designed to compensate for, or prevent, the instability of supporting, or surrounding, material. We do cover accidental direct physical loss that occurs subsequent to any of these causes if that loss is caused by theft, fire, or explosion.**

3. (a) Water, or water borne contaminants or materials, that flows on, or under, the surface of the ground; waves; tidalwaters; or overflow of a stream or any body of water. **We** do not cover spray from any of these, whether or not driven by wind.
- (b) Water, or water borne contaminants or materials, that escapes from a pool or water system, unless the portion of that pool or water system from which the water escapes is physically located within a building that is permanently attached to the **residence premises**.
- (c) Water, or water borne contaminants or materials, that overflows from sewers, drains, or pumps, if that overflow is caused by the inadequacy of the sewer, drain, or pump system, or by an obstruction of such that is located off of the **residence premises**.
- (d) Water, or water borne contaminants or materials, below the surface of the ground, that exerts pressure on, or flows, seeps, or leaks, through any part of a building or other structure, sidewalk, driveway, or pool.
- (e) Condensation of water vapor.

We do cover **accidental direct physical loss** that occurs subsequent to any of the events or conditions listed in 3(a), 3(b), 3(c), 3(d) and 3(e), above, if that loss is caused by theft, fire or explosion.

5. In the section of the policy headed: "**CONDITIONS-SECTION I**" the following provisions are removed in their entirety: 1. **What To Do In Case Of Loss**; 2. **How Losses Are Settled**; 3. **Appraisal**; and 6. **Loss to a Pair or Set**. Those provisions are replaced with the following provisions:

1. **What To Do In Case Of Loss**

If a covered loss occurs, the **insured** must:

- (a) give **us** immediate written notice of the loss and, if the loss is caused by theft, also notify all appropriate law enforcement authorities;
- (b) protect the property from further damage, making all necessary and reasonable repairs to protect the property, and keep records of the cost of those repairs;
- (c) make a list of all damaged or destroyed property; showing, in detail, quantities, costs, **actual cash value**, and the amount of the loss claimed;
- (d) send to us, within 60 days after loss, a proof of loss signed and sworn to by the **insured**, including:
 - (1) the time, and cause, of the loss;
 - (2) the interest of **insureds**, and all others, in the property;
 - (3) the **actual cash value** of, and the amount of loss to, the property;
 - (4) all encumbrances on the property;
 - (5) all other policies covering the loss;
 - (6) all changes in title, use, occupancy, or possession of the property;
 - (7) if **we** require it, any plans and specifications of any damaged building or fixtures;
- (e) exhibit the damaged property to **us**, or **our** representative, as often as may be reasonably required;
- (f) submit to examinations under oath by any person named by **us**; and sign the transcript of those examinations;
- (g) produce for **our** examination and copying, all books of account, bills, invoices, receipts, and other vouchers as **we** may reasonably require;
- (h) produce for **our** examination and copying, all receipts for increased costs **you** incur to maintain **your** standard of living while **you** reside elsewhere; and all records pertaining to any loss of rental income.

2. **How Losses Are Settled**

- (a) Losses to the following types of property will be settled at the **actual cash value**.
 - (1) Structures that are not buildings;
 - (2) Antiques, fine arts, paintings, statuary, and similar articles which, by their nature, cannot be replaced with new articles;
 - (3) Articles the age or histories of which contribute substantially to their value;
 - (4) Articles the age or condition of which renders them obsolete, or unusable for their originally intended purpose.
 But **we** will pay no more than the smaller of:
 - (1) the cost to repair or replace the damaged property with property of like kind and quality; or
 - (2) the limits of this policy.

(b) Losses to all other personal property will be settled at the full cost of repair or replacement, without **depreciation**. Radio and television antennas, carpeting, awnings, domestic appliances, and outdoor equipment, whether attached to a building or not, will be included in this category. The replacement cost of any single item of personal property is limited to the amount it would cost to replace the item with a new item identical to the one damaged, destroyed, or stolen. When an identical item is no longer available, replacement cost is limited to the cost of a new item similar to the item damaged, destroyed, or stolen.

But **we** will pay no more than the smaller of:

- (1) the repair or replacement cost at the time of loss;
- (2) the limit of liability of this policy applicable to the damaged or destroyed property;
- (3) 400% of the **actual cash value**.

(c) Losses to dwellings and other building structures will initially be settled at **actual cash value**. If, within one year after the date of loss, the dwelling or other building structure is completely repaired or replaced, **we** will pay the amount by which the full cost of the repair or replacement without **depreciation** exceeded the **actual cash value**, up to a maximum payment of 125% of the limits of the dwelling and other structures coverages shown in the declarations. This includes loss to roof surfacing. The full cost of repair or replacement, does not include the cost of excavation, underground pipes, wiring, drains, foundations, or supports below the surface of the lowest basement floor. If there is no basement, it does not include the cost of supports below the surface of the ground.

But **we** will pay no more than the smaller of:

- (1) the cost to replace the damaged dwelling or other building structure with equivalent construction, for equivalent use, on the same premises; or
- (2) the amount actually spent for necessary repair or replacement of the damaged dwelling or other building structure.

(d) If **we** settle **your** claim by paying the cost of replacement, **we** may, at **our** option, take all, or part, of the damaged property.

3. Appraisal

If **we** fail to agree with **you** as to the **actual cash value**, or amount of loss payable, either party may make written demand for an appraisal. Each party will select an appraiser and notify the other of the appraiser's identity within 20 days after the demand for an appraisal is received. The appraisers will then select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days after they are selected, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire. The appraisers shall then appraise the loss, stating separately the **actual cash value** and loss to each item. If the appraisers submit a written report of an agreement to **us**, the amount agreed upon shall be the **actual cash value** or amount of loss. If they cannot agree, they will submit their differences to the umpire. A written award by any two of the group comprised of the appraisers and the umpire will determine the **actual cash value** or amount of loss. Each party will pay the appraiser it chooses, and share equally the expenses for the umpire and all other expenses of the appraisal including court costs.

6. Loss to a Pair or Set

We may repair or replace any part of a pair or set to restore it to its value before the loss, or **we** may pay the difference between the **actual cash value** of the pair or set before, and after, the loss.

6. In the section of the policy headed: "**EXCLUSIONS – SECTION II**", the following exclusions are added:

Under Personal Liability, **we** do not cover:

8. Liability of any **insured** for **punitive damages**.

9. **Bodily injury** or **property damage** arising out of, or caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.

10. Any legal obligation of any **insured** for indemnification or contribution due because of **bodily injury** or **property damage** caused, in whole or in part, by asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products, or any other substance or material containing lead, or any pollutant.
 11. Any loss, cost or expense arising out of any governmental direction or request that any **insured** test for, monitor, clean up, remove, abate, contain, treat or neutralize asbestos, radon, mold, lead, paint containing lead, chemicals, petroleum products or any other substance or material containing lead, or any pollutant.
7. In the section of the policy headed: “**ADDITIONAL COVERAGES – SECTION II**”, the entire provision headed: “2. The Following Expenses” is removed and replaced with the following:
2. The Following Expenses:
 - (a) All expenses **we** incur in the settlement of any **claim**.
 - (b) If a lawsuit is filed against the **insured** for damages that are covered under this section of the policy, **we** will defend the **insured** at **our** expense, using lawyers of **our** choice, and **we** will pay all expenses and attorney’s fees **we** incur in the defense of that lawsuit. **We** are no longer obligated to provide, or to pay for, such defense after **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (c) Court costs that are assessed against an **insured** in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney.
 - (d) Pre-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E of this policy. However, **our** duty to pay pre-judgment interest on any one **claim** ends when **we**:
 - (1) offer to the claimant or judgment creditor, or pay into court, the full amount of **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest; or
 - (2) offer to the judgment creditor, or pay into court, that part of a judgment **we** owe within **our** limit of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (e) Post-judgment interest due on any amount **we** owe within **our** limits of liability under Coverage E. However, **our** duty to pay post-judgment interest on any one **claim** ends when **we** offer to the judgment creditor, or pay into court, that part of the judgment that **we** owe within **our** limits of liability under Coverage E, exclusive of all pre-judgment and post-judgment interest.
 - (f) The cost of any bonds required by an appellate court to ensure payment of the cost of an appeal, if that appeal is from a judgment in a civil lawsuit in which **we** have paid the fees of the **insured’s** attorney. **We** have no duty to furnish, or apply for, any bonds. The limit of **our** liability for the cost of all such bonds is ten percent of the limit of liability under Coverage E. **We** do not cover the cost of supersedeas bonds, or bonds necessary to stay execution of a judgment during the pendency of an appeal from that judgment.
 - (g) Up to \$250 for each bail bond needed by an **insured** because of any one **accident** or traffic law violation resulting from the operation of a **land motor vehicle** insured under this policy. **We** have no duty to furnish, or apply for, such bonds.
 - (h) Reimbursement that is requested by an **insured**, for reasonable and necessary expenses incurred at **our** request during the defense of a civil lawsuit. This does not include wages or salary lost by an **insured** who **we** ask to attend any proceedings related to the defense of a civil lawsuit.
8. In the section of the policy headed: “**PERSONAL INJURY LIABILITY COVERAGE**”, the definition of “**Personal Injury**” is deleted; and the definition of “**Personal Injury**” set out in paragraph 1 of this endorsement is substituted in its place.