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MANDATORY ACCEPTANCE OF PRIVATE FLOOD INSURANCE BY FEDERALLY REGULATED LENDING INSTITUTIONS

EFFECTIVE **JULY 1, 2019**, IT IS MANDATORY FOR ALL “REGULATED LENDING INSTITUTIONS” TO ACCEPT PRIVATE FLOOD INSURANCE IN SATISFACTION OF THE FLOOD INSURANCE PURCHASE REQUIREMENT FOR “DESIGNATED LOANS” IF THE INSURANCE MEETS THE DEFINITION OF “PRIVATE FLOOD INSURANCE” AS DEFINED IN 42 U.S.C. 4012A(B)(7)

THIS **POLICY** MEETS THE DEFINITION OF “PRIVATE FLOOD INSURANCE” BECAUSE THIS **POLICY**

- 1.** is issued by an insurance company that is licensed, admitted, or otherwise approved to engage in the business of insurance in the State or jurisdiction in which the property to be insured is located, by the insurance regulator of that State or jurisdiction;
- 2.** provides flood insurance coverage that is at least as broad as the coverage provided under a standard flood insurance policy issued under the NFIP (SFIP), including when considering deductibles, exclusions, and conditions offered by the insurer;
- 3.** includes a requirement for the insurer to give written notice 45 days before cancellation or non-renewal of flood insurance coverage to the insured and the regulated lending institution, or a servicer acting on the institution's behalf;
- 4.** includes information about the availability of flood insurance coverage under the NFIP;
- 5.** includes a mortgage interest clause similar to the clause contained in an SFIP;
- 6.** includes a provision requiring an insured to file suit not later than one year after the date of a written denial for all or part of a claim under a policy; and
- 7.** contains cancellation provisions that are as restrictive as the provisions contained in an SFIP.

COMPLIANCE AID STATEMENT FOR REGULATED LENDING INSTITUTIONS

THIS POLICY MEETS THE DEFINITION OF PRIVATE FLOOD INSURANCE CONTAINED IN 42 U.S.C. 4012a(b)(7) AND THE CORRESPONDING REGULATION

**PRIVATE FLOOD INSURANCE PROGRAM
FLOOD INSURANCE POLICY
DWELLING FORM**

*PLEASE READ THE **POLICY** CAREFULLY. THE "FLOOD" INSURANCE PROVIDED IS SUBJECT TO LIMITATIONS, RESTRICTIONS, AND EXCLUSIONS.*

AGREEMENT

Insuring Agreement	<p>We will pay for "Direct Physical Loss by or From Flood" to your insured property if you:</p> <ol style="list-style-type: none">1. Have paid the correct premium;2. Comply with all terms and conditions of this Policy and3. Have furnished accurate information and statements. <p>We have the right to review the information you give us at any time and to revise your Policy based on our review.</p> <p>As an alternative to this Policy, "Flood" insurance may be available under the "National Flood Insurance Program (NFIP)" through an insurance agent who may obtain a "Flood" policy either directly through the "NFIP" or through an insurance company that participates in the "NFIP".</p>
Mandatory Acceptance Certification	<p>This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation and does not have any provision which is not in compliance with 42 U.S.C. s. 4012a(b).</p>

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

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

DEFINITIONS

"Flood"	<p>as used in this Policy, means:</p> <ol style="list-style-type: none">1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more neighboring properties (at least one of which is your property) from:<ol style="list-style-type: none">a. Overflow of inland or tidal waters;b. Unusual and rapid accumulation or runoff of surface waters from any source; orc. "Mudflow"; or2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves of water exceeding anticipated cyclical levels that result in a "Flood" as defined in a.(1) above
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The following are the other key definitions we use in this **Policy**:

“Act”	means the National Flood Insurance Act of 1968 and any amendments to it.
“Actual Cash Value”	means the cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
“Application”	the statement made and signed by you and your agent in applying for this Policy . This “Application” gives information we use to determine the eligibility of the risk, the type of Policy to be issued, and the correct premium payment. The “Application” is part of the “Flood” insurance Policy . For us to issue you a Policy , the correct premium payment must accompany the “Application”.
“Base Flood”	means a “Flood” having a one percent chance of being equaled or exceeded in any given year.
“Basement”	means any area of the “Building”, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.
“Building”	means <ol style="list-style-type: none">1. A structure with two or more outside rigid walls and a fully secured roof, which is affixed to a permanent site;2. A manufactured home (a “manufactured home,” also known as a mobile home, is a structure: built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation); or3. A travel trailer without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community’s floodplain management and “Building” ordinances or laws. “Building” does not mean a gas or liquid storage tank or a recreational vehicle, park trailer, or other similar vehicle.
“Cancellation”	the ending of the insurance coverage provided by this Policy before the expiration date.
“Condominium”	that form of ownership of real property in which each “Unit” owner has an undivided interest in common elements.
“Condominium Association”	the entity made up of the “Unit” owners responsible for the maintenance and operation of: Common elements owned in undivided shares by “Unit” owners; and Other real property in which the “Unit” owners have use rights, where membership in the entity is a required condition of “Unit” ownership.
“Declarations Page”	means a summary of information you provided in the “Application” for insurance. The “Declarations Page” also describes the terms of the Policy , limits of coverage, and displays the premium and our name. The “Declarations Page” is a part of this “Flood” insurance Policy .
“Described Location”	means the location where the insured “Building(s)” or personal property is found. The “Described Location” is shown on the “Declarations Page”.
“Designated Loan”	means a loan secured by a “Building” that is located or to be located in a “Special Flood Hazard” area in which “Flood” insurance is available under the “Act”.
“Direct Physical Loss by or From Flood”	means loss or damage to insured property, directly caused by a “Flood”. There must be evidence of physical changes to the property.
“Dwelling”	means a “Building” designed for use as a residence for no more than four families.
“Elevated Building”	means a “Building” that has no “basement” and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

“Emergency Program”	means the initial phase of a community’s participation in the “National Flood Insurance Program”. During this phase, only limited amounts of insurance are available under the “Act”.
“Existing Damage”	means <ul style="list-style-type: none"> 1. Any damage(s) which existed prior to Policy inception, regardless of whether such damage(s) were apparent at the time of the inception of this Policy or discovered at a later date; or 2. Any claim(s) or damage(s) arising out of workmanship, repair(s) and/or lack of repair(s) arising from damage(s) which existed prior to Policy inception.
“Expiration”	means 12:01 a.m. on the last day of the Policy term as described on the “Declarations Page”.
“Improvements”	means fixtures, alterations, installations, or additions comprising a part of the insured “Dwelling” or the apartment in which you reside.
“Insurer”	means the insurer shown on the “Declarations Page”.
“Mudflow”	means a river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not “mudflows”.
“Named Insured(s)”	when shown on the “Declarations Page” means owner(s), renter(s), builder(s) of buildings in the course of construction, owner(s) of residential condominium units, and mortgagee(s)/trustee(s) (applicable for building coverage only).
“National Flood Insurance Program (NFIP)”	means the program of “Flood” insurance coverage and floodplain management administered under the “Act” and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.
“Non-Renewal”	the ending of the insurance coverage provided by this Policy on the expiration date.
“Policy”	means the entire written contract between you and us. It includes: <ul style="list-style-type: none"> 1. this printed form; 2. the “Application” and “Declarations Page”; 3. any endorsement (s) that may be issued; and 4. any renewal certificate indicating that coverage has been instituted for a new Policy. <p>Only one “Dwelling”, which you specifically described on the “Application”, may be insured under this Policy.</p>
“Policy Fee”	means a flat charge you must pay on each new or renewal Policy . This fee is fully earned by us on the effective date of the Policy term.
“Pollutants”	means substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.
“Post-FIRM Building”	means a “Building” for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

<p>“Private Flood Insurance Policy (PFIP)”</p> <p>“Regulated Lending Institution(s)”</p> <p>“Replacement Cost”</p> <p>“Special Flood Hazard Area”</p> <p>“Unit”</p>	<p>means this Policy.</p> <p>means any bank(s), savings and loan association(s), credit union(s), farm credit bank(s), Federal land bank association(s), production credit association(s), or similar institution(s) subject to the supervision of a Federal entity for lending regulation.</p> <p>means the cost to replace damaged property with materials of like kind and quality, without deduction for depreciation.</p> <p>means an area having special “Flood”, or “Mudflow”, and/or Flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.</p> <p>A single-family unit owned by you in a “Condominium” “Building”.</p>
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PROPERTY COVERED

FLOOD COVERAGE A – BUILDING PROPERTY

Covered Property

We insure against “Direct Physical Loss by or From Flood” to:

1. The “Dwelling” at the “Described Location”, or for a period of 45 days at another location as set forth in **Flood Coverage C – Other Coverages, Property Removed to Safety**.
2. Additions and extensions attached to and in contact with the “Dwelling” by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the “Building” by means of a common interior wall that is not a solid load-bearing wall are always considered part of the “Dwelling” and cannot be separately insured.
3. A detached garage at the “Described Location”. Coverage is limited to no more than 10 percent of the limit of liability on the “Dwelling”. Use of this insurance is at your option but reduces the “Building” limit of liability. We do not cover any detached garage used or held for use for residential (i.e., “Dwelling”), business, or farming purposes.
4. Materials and supplies to be used for construction, alteration, or repair of the “Dwelling” or a detached garage while the materials and supplies are stored in a fully enclosed “Building” at the “Described Location” or on an adjacent property.
5. A “Building” under construction, alteration, or repair at the “Described Location”.
 - a. If the structure is not yet walled or roofed as described in **Definitions, “Building”**, then coverage applies:
 - (1) Only while such work is in progress; or
 - (2) If such work is halted, only for a period of up to 90 continuous days thereafter.
 - b. However, coverage does not apply until the “Building” is walled and roofed if the lowest floor, including the “Basement” floor, of a non-“Elevated Building” or the lowest elevated floor of an “Elevated Building” is:

**Covered Property
Continued**

- (1) Below the "Base Flood" elevation in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO; or
- (2) Below the "Base Flood" elevation adjusted to include the effect of wave action in Zones VE or V1-V30.

The lowest floor levels are based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1-V30 and the top of the floor in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO.

6. A manufactured home or a travel trailer as described in **Definitions, "Building"** section. If the manufactured home or travel trailer is in a "Special Flood Hazard Area", it must be anchored in the following manner at the time of the loss:
 - a. By over-the-top or frame ties to ground anchors; or
 - b. In accordance with the manufacturer's specifications; or
 - c. In compliance with the community's floodplain management requirements.
7. The following items of property which are covered under Coverage A only:
 - a. Awnings and canopies;
 - b. Blinds;
 - c. Built-in dishwashers;
 - d. Built-in microwave ovens;
 - e. Carpet permanently installed over unfinished flooring;
 - f. Central air conditioners;
 - g. Elevator equipment;
 - h. Fire sprinkler systems;
 - i. Walk-in freezers;
 - j. Furnaces and radiators;
 - k. Garbage disposal units;
 - l. Hot water heaters, including solar water heaters;
 - m. Light fixtures;
 - n. Outdoor antennas and aerials fastened to buildings;
 - o. Permanently installed cupboards, bookcases, cabinets, paneling, and wallpaper;
 - p. Plumbing fixtures;
 - q. Pumps and machinery for operating pumps;
 - r. Ranges, cooking stoves, and ovens;
 - s. Refrigerators; and
 - t. Wall mirrors, permanently installed.
8. Items of property in a "Building" enclosure below the lowest elevated floor of an elevated "Post FIRM Building" located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1- A30, V1-V30, or VE, or in a "Basement", regardless of the zone. Coverage is limited to the following:
 - a. Any of the following items, if installed in their functioning locations and, if necessary, for operation, connected to a power source:

**Covered Property
Continued**

- (1) Central air conditioners;
- (2) Cisterns and the water in them;
- (3) Drywall for walls and ceilings in a "Basement" and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
- (4) Electrical junction and circuit breaker boxes;
- (5) Electrical outlets and switches;
- (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the "Base Flood" elevation after September 30, 1987;
- (7) Fuel tanks and the fuel in them;
- (8) Furnaces and hot water heaters;
- (9) Heat pumps;
- (10) Non-flammable insulation in a "Basement";
- (11) Pumps and tanks used in solar energy systems;
- (12) Stairways and staircases attached to the "Building", not separated from it by elevated walkways;
- (13) Sump pumps;
- (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
- (15) Well water tanks and pumps;
- (16) Required utility connections for any item in this list; and
- (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a "Building".

b. Clean-up.

FLOOD COVERAGE B – PERSONAL PROPERTY

Covered Property

If you have purchased personal property coverage, we insure against "Direct Physical Loss by or From Flood" to personal property inside a "Building" at the "Described Location", if:

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

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

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

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

- a. Air conditioning units, portable or window type;
- b. Carpets, not permanently installed, over unfinished flooring;
- c. Carpets over finished flooring;

**Covered Property
Continued**

- d. Clothes washers and dryers;
- e. "Cook-out" grills;
- f. Food freezers, other than walk-in, and food in any freezer; and
- g. Portable microwave ovens and portable dishwashers.

Coverage for items of property in a "Building" enclosure below the lowest elevated floor of an elevated "Post-FIRM Building" located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1- A30, V1-V30, or VE, or in a "Basement", regardless of the zone, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- a. Air conditioning units, portable or window type;
- b. Clothes washers and dryers; and
- c. Food freezers, other than walk-in, and food in any freezer

If you are a tenant and have insured personal property under Coverage B in this **Policy**, we will cover such property, including your cooking stove or range and refrigerator. The **Policy** will also cover "Improvements" made or acquired solely at your expense in the "Dwelling" or apartment in which you reside, but for not more than 10 percent of the limit of liability shown for personal property on the "Declarations Page". Use of this insurance is at your option but reduces the personal property limit of liability.

If you are the owner of a "Unit" and have insured personal property under Coverage B in this **Policy**, we will also cover your interior walls, floor, and ceiling (not otherwise covered under a "Flood" insurance **Policy** purchased by your "Condominium

Association") for not more than 10 percent of the limit of liability shown for personal property on the "Declarations Page". Use of this insurance is at your option but reduces the personal property limit of liability.

Special Limits

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

- a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
- b. Rare books or autographed items;
- c. Jewelry, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;
- d. Furs or any article containing fur which represents its principal value; or
- e. Personal property used in any business.

We will pay only for the functional value of antiques.

FLOOD COVERAGE C – OTHER COVERAGES

Debris Removal

We will pay the expense to remove non-owned debris on or in insured property and owned debris anywhere.

If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.

This coverage does not increase the Coverage A or Coverage B limit of liability.

**Loss Avoidance
Measures**

Sandbags, Supplies, and Labor

**Loss Avoidance
Measures Continued**

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

- a. Your reasonable expenses to buy:
 - (1) Sandbags, including sand to fill them;
 - (2) Fill for temporary levees;
 - (3) Pumps; and
 - (4) Plastic sheeting and lumber used in connection with these items.
- b. The value of work, at the Federal minimum wage, that you or a member of your household perform.
- c. This coverage for Sandbags, Supplies, and Labor applies only if damage to insured property by or from "Flood" is imminent, and the threat of "Flood" damage is apparent enough to lead a person of common prudence to anticipate "Flood" damage. One of the following must also occur:
 - (1) A general and temporary condition of flooding in the area near the "Described Location" must occur, even if the "Flood" does not reach the insured "Building"; or
 - (2) A legally authorized official must issue an evacuation order or other civil order for the community in which the insured "Building" is located calling for measures to preserve life and property from the peril of "Flood".

This coverage does not increase the Coverage A or Coverage B limit of liability.

Property Removed to Safety

1. We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the "Described Location" that contains the property in order to protect it from "Flood" or the imminent danger of "Flood". Reasonable expenses include the value of work, at the Federal minimum wage, that you or a member of your household perform.
2. If you move insured property to a location other than the "Described Location" that contains the property, in order to protect it from "Flood" or the imminent danger of "Flood", we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there. The personal property that is moved must be placed in a fully enclosed "Building" or otherwise reasonably protected from the elements.

Any property removed, including a moveable home described in Definitions – Building, must be placed above ground level or outside of the "Special Flood Hazard Area".

This coverage does not increase the Coverage A or Coverage B limit of liability.

**Condominium Loss
Assessments**

If this **Policy** insures a "Unit", we will pay, up to the Coverage A limit of liability, your share of loss assessments charged against you by the "Condominium Association" in accordance with the "Condominium Association's" articles of association, declarations and your deed. The assessment must be made as a result of "Direct Physical Loss by or From Flood" during the **Policy** term, to the Building's common elements.

We will not pay any loss assessment charged against you:

- a. And the "Condominium Association" by any governmental body;
- b. That results from a deductible under the insurance purchased by the "Condominium Association" insuring common elements;

**Condominium Loss
Assessments
Continued**

- c. That results from a loss to personal property, including contents of a “Condominium” “Building”;
- d. That results from a loss sustained by the “Condominium Association” that was not reimbursed under a “Flood” insurance policy written in the name of the association under the “Act” because the “Building” was not, at the time of loss, insured for an amount equal to the lesser of:
 - (1) 80 percent or more of its full Replacement Cost; or
 - (2) The maximum amount of insurance permitted under the “Act”;
- e. To the extent that payment under this **Policy** for a “Condominium” “Building” loss, in combination with payments under any other “NFIP” policies for the same “Building” loss, exceeds the maximum amount of insurance permitted under the “Act” for that kind of “Building”; or
- f. To the extent that payment under this **Policy** for a “Condominium” “Building” loss, in combination with any recovery available to you as a tenant in common under any “NFIP” “Condominium Association” policies for the same “Building” loss, exceeds the amount of insurance permitted under the “Act” for a single family “Dwelling”.

Loss assessment coverage does not increase the Coverage A limit of liability.

FLOOD COVERAGE D – INCREASED COST OF COMPLIANCE

General

This **Policy** pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of a structure suffering “Flood” damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your structure. Eligible floodproofing activities are limited to:

- a. Nonresidential structures.
- b. Residential structures with basements that satisfy FEMA's standards published in the Code of Federal Regulations [44 CFR 60.6 (b) or (c)].

Limit of Liability

We will pay you up to \$30,000 under this **Flood Coverage D – Increased Cost of Compliance**, which only applies to policies with “Building” coverage (Coverage A). Our payment of claims under Coverage D is in addition to the amount of coverage which you selected on the “Application” and which appears on the “Declarations Page”. But the maximum you can collect under this **Policy** for both **Flood Coverage A – Building Property** and **Flood Coverage D – Increased Cost of Compliance** cannot exceed the maximum permitted under the “PFIP”. We do not charge a separate deductible for a claim under Coverage D.

Eligibility

A structure covered under **Flood Coverage A – Building Property** sustaining a loss caused by a “Flood” as defined by this **Policy** must:

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

Eligibility Continued

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

- b. Be a structure that has had "Flood" damage in which the cost to repair equals or exceeds 50 percent of the market value of the structure at the time of the "Flood". The State or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the structure.

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

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

Under the minimum "NFIP" criteria at 44 CFR 60.3 (b)(4), States and communities must require the elevation or floodproofing of structures in unnumbered A zones to the "Base Flood" elevation where elevation data is obtained from a Federal, State, or other source. Such compliance activities are also eligible for Coverage D.

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

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

Conditions

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

Exclusions

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

Under this **Flood Coverage D – Increased Cost of Compliance**, we will not pay for:

- a. The cost to comply with any floodplain management law or ordinance in communities participating in the “Emergency Program”.
- b. The cost associated with enforcement of any ordinance or law that requires any “Named Insured(s)” or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “Pollutants”.
- c. The loss in value to any insured “Building” or other structure due to the requirements of any ordinance or law.
- d. The loss in residual value of the undamaged portion of a “Building” demolished as a consequence of enforcement of any State or local floodplain management law or ordinance.
- e. Any Increased Cost of Compliance under this Coverage D:
 - (1) Until the “Building” is elevated, floodproofed, demolished, or relocated on the same or to another premises; and
 - (2) Unless the “Building” is elevated, floodproofed, demolished, or relocated as soon as reasonably possible after the loss, not to exceed two years.
- f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.
- g. Any compliance activities needed to bring additions or “Improvements” made after the loss occurred into compliance with State or local floodplain management laws or ordinances.
- h. Loss due to any ordinance or law that you were required to comply with before the current loss.
- i. Any rebuilding activity to standards that do not meet the “NFIP”'s minimum requirements. This includes any situation where you have received from the State or community a variance in connection with the current “Flood” loss to rebuild the property to an elevation below the “Base Flood” elevation.
- j. Increased Cost of Compliance for a garage or carport.
- k. Any structure insured under an “NFIP” Group Flood Insurance Policy.
- l. Assessments made by a “Condominium Association” on individual “Condominium” “Unit” owners to pay increased costs of repairing commonly owned buildings after a “Flood” in compliance with State or local floodplain management ordinances or laws.
- m. Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the 80 percent insurance-to-value requirement for “Replacement Cost” coverage as set forth in **Conditions, Loss Settlement**.

All other conditions and provisions of this **Policy** apply.

PROPERTY NOT COVERED

We do not cover any of the following property:

1. Personal property not inside the fully enclosed “Building”;
2. A “Building”, and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982;
3. Open structures, including a “Building” used as a boathouse or any structure or “Building” into which boats are floated, and personal property located in, on, or over water;
4. Recreational vehicles other than travel trailers described **Definitions, “Building”**, whether affixed to a permanent foundation or on wheels;
5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:
 - a. Used mainly to service the “Described Location”, or
 - b. Designed and used to assist handicapped persons, while the vehicles or machines are inside a “Building” at the “Described Location”;
6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals;
7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;
8. Underground structures and equipment, including wells, septic tanks, and septic systems;
9. Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured “Building” or the “Building” in which the insured “Unit” is located;
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
11. Buildings or units and all their contents if more than 49 percent of the “Actual Cash Value” of the “Building” or “Unit” is below ground, unless the lowest level is at or above the “Base Flood” elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;
12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks;
13. Aircraft or watercraft, or their furnishings and equipment;
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;
15. Personal property you own in common with other “Unit” owners comprising the membership of a “Condominium Association”.
16. A manufactured home or a travel trailer as described in **Definitions, “Building”**

EXCLUSIONS

Economic Loss	<p>We only provide coverage for “Direct Physical Loss by or From Flood”, which means that we do not pay you for:</p> <ol style="list-style-type: none"> 1. Loss of revenue or profits; 2. Loss of access to the insured property or “Described Location”; 3. Loss of use of the insured property or “Described Location”; 4. Any additional living expenses incurred while the insured “Building” is being repaired or is unable to be occupied for any reason; <p style="margin-left: 40px;">Exclusions 1. through 4. above will apply unless coverage is provided by endorsement under optional Flood Coverage I – Temporary Living Expenses.</p> <ol style="list-style-type: none"> 5. Loss from interruption of business or production;
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**Economic Loss
Continued**

6. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities that we describe in **Flood Coverage D – Increased Cost of Compliance**; or
7. Any other economic loss you suffer.

“Flood” in Progress

We do not insure a loss directly or indirectly caused by a “Flood” that is already in progress at the time and date:

1. The **Policy** term begins; or
2. Coverage is added at your request.

Earth Movement

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

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

We do, however, pay for losses from “Mudflow” and land subsidence as a result of erosion that are specifically covered under our definition of “Flood” (see **Definitions, “Flood”, 1.c., and 2.**).

Pollutants

We do not pay for the testing for or monitoring of “Pollutants” unless required by law or ordinance. If testing or monitoring of “Pollutants” is required by law or ordinance, the cost of testing or monitoring will reduce the limit of **Flood Coverage A – Building Property** coverage under this **Policy**.

Existing Damage

We do not pay you for “Existing Damage” except for in the event of a total loss from a “Flood” during the **Policy** term. If covered property with “Existing Damage” was not fully and completely repaired at the time of a covered loss under this **Policy**, then such a loss will be settled using “Actual Cash Value”.

Other Exclusions

We do not insure for direct physical loss caused directly or indirectly by any of the following:

1. The pressure or weight of ice;
2. Freezing or thawing;
3. Rain, snow, sleet, hail, or water spray;
4. Water, moisture, mildew, or mold damage that results primarily from any condition:
 - a. Substantially confined to the “Dwelling”; or
 - b. That is within your control, including but not limited to:
 - (1) Design, structural, or mechanical defects;
 - (2) Failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or

**Other Exclusions
Continued**

- (3) Failure to inspect and maintain the property after a "Flood" recedes;
- 5. Water or waterborne material that:
 - a. Backs up through sewers or drains;
 - b. Discharges or overflows from a sump, sump pump, or related equipment; or
 - c. Seeps or leaks on or through the covered property;unless there is a "Flood" in the area and the "Flood" is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or seepage of water;
- 6. The pressure or weight of water unless there is a "Flood" in the area and the "Flood" is the proximate cause of the damage from the pressure or weight of water;
- 7. Power, heating, or cooling failure unless the failure results from "Direct Physical Loss by or From Flood" to power, heating, or cooling equipment on the "Described Location";
- 8. Theft, fire, explosion, wind, or windstorm;
- 9. Anything you or any member of your household do or conspire to do to cause loss by "Flood" deliberately; or
- 10. Alteration of the insured property that significantly increases the risk of flooding.

DEDUCTIBLE

When a loss is covered under this **Policy**, we will pay only that part of the loss that exceeds your deductible amount, subject to the "Flood" limit of liability that applies. The deductible amount is equal to the "Flood" deductible shown on the "Declarations Page". However, when a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, your deductible amount will be two times the deductible that would otherwise apply to a completed "Building". In each loss from "Flood", separate deductibles apply to the "Building" and personal property insured by this **Policy**.

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

- 1. **Flood Coverage C – Other Coverages, Loss Avoidance Measures;**
- 2. **Flood Coverage C – Other Coverages, Condominium Loss Assessments; or**
- 3. **Flood Coverage D – Increased Cost of Compliance.**

CONDITIONS

Pairs and Sets

In case of loss to an article that is part of a pair or set, we will have the option of paying you:

- 1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation; or
- 2. The amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.

**Concealment or Fraud
and Policy Voidance**

- 1. With respect to all "Named Insured(s)" under this **Policy**, we will provide no coverage for loss under this **Policy**, and this **Policy**:
 - a. Is void;
 - b. Has no legal force or effect;
 - c. Cannot be renewed; and
 - d. Cannot be replaced by a new "PFIP" **Policy**;

**Concealment or Fraud
and Policy Voidance
Continued**

if, before or after a loss, you or any other “Named Insured” or your agent have at any time:

- a. Intentionally concealed or misrepresented any material fact or circumstance;
- b. Engaged in fraudulent conduct; or
- c. Made false statements;

relating to this **Policy**.

- 2. This **Policy** will be void as of the date the wrongful acts described above were committed.
- 3. Fines, civil penalties, and imprisonment under applicable Federal and State laws may also apply to the acts of fraud or concealment described above.

Other Insurance

If a loss covered by this **Policy** is also covered by other insurance, we will pay only the proportion of the loss that the amount of insurance that applies under this **Policy** bears to the total amount of insurance covering the loss, unless **a.**, **b.**, or **c.** immediately below applies:

- a. If the other policy has a provision stating that it is excess insurance, this **Policy** will be primary.
- b. This **Policy** will be primary (but subject to its own deductible) up to the deductible in the other “Flood” policy (except another policy as described in **a.** above). When the other deductible amount is reached, this **Policy** will participate in the same proportion that the amount of insurance under this **Policy** bears to the total amount of both policies, for the remainder of the loss.
- c. If there is other insurance in the name of your “Condominium Association” covering the same property covered by this **Policy**, then this **Policy** will be in excess over the other insurance.

**Amendments, Waivers,
Assignment**

This **Policy** cannot be changed nor can any of its provisions be waived or assigned without our express written consent. No action that we take under the terms of this **Policy** constitutes a waiver of any of our rights.

**Cancellation and Non-
Renewal**

Cancellation of Policy by You

You may cancel this **Policy**, at any time, in accordance with the applicable rules of the “Insurer” and a valid “Cancellation” reason as listed below.

- a. Cancelled prior to the **Policy** effective date for whatever reason.
- b. Not accepted by your lender, and a written statement from that lender is provided within 45 days of the **Policy** effective date stating they do not accept the “PFIP”.
- c. “Building” sold or removed.
- d. **Policy** cancelled and rewritten to establish a common expiration date with other insurance coverage.
- e. Duplicate “Flood” policies.
- f. Property closing did not occur.
- g. **Policy** not required by mortgagee.
- h. Insurance no longer required by mortgagee because property is no longer in a “Special Flood Hazard Area” because of physical map revision or the

Cancellation and Non-Renewal Continued

structure has been removed from the "Special Flood Hazard Area" by means of letter of map amendment (LOMA) or letter of map revisions (LOMR).

- i. Mortgage paid off.
- j. Insurance no longer required based on FEMA review of lender's "Special Flood Hazard Area" determination.
- k. Cancel/rewrite due to misrating, map revision, LOMA or LOMR.
- l. Conversion of "Condominium" "Unit" **Policy** to RCBAP policy.
- m. State law permits "Cancellation" after the **Policy** effective date.

If you cancel this **Policy**, you will be entitled to a full or partial refund depending on the effective date of the "Cancellation".

Nonrenewal of the Policy by Us

We may elect not to renew this **Policy** by:

- 1. Delivering to you or mailing to you at your mailing address shown on the "Declarations Page", written notice, together with the specific reason(s) for "Non-Renewal"; and
- 2. Providing at least 45 days' written notice before the expiration of this **Policy**. In no event will the number of days' notice for nonrenewal be fewer than the number of days required by State law.

Renewal

Notice of Renewal

This **Policy** will expire at 12:01 a.m. on the last day of the **Policy** term. If we elect to renew this **Policy**, we will let you know, in writing:

- 1. Of our decision to renew this **Policy**; and
- 2. The amount of renewal premium payable to us.

This notice will be delivered to you or mailed to you at your mailing address shown in the "Declarations Page" at least 45 days before the expiration date of this **Policy**.

Proof of mailing will be sufficient proof of notice.

Failure to Pay Renewal Premium and Conditional Reinstatement

Payment of the full renewal premium is due prior to "Expiration". If we do not receive and process payment for the full renewal premium due prior to "Expiration", the **Policy** will expire at "Expiration", and coverage under this **Policy** ends.

This **Policy** may be reinstated under the terms of the notice of renewal if we receive and process valid payment for the full renewal premium within 30 days of "Expiration". If we reinstate the **Policy**, there will be no coverage during the period of time between "Expiration" and the date and time we received and processed the payment.

Reinstatement of the **Policy** is conditioned upon the following and any reinstatement notice we send you is void if:

- 1. Any form of premium payment is not honored for any reason;
- 2. There is a claim under the policy arising from an event that occurred between **Policy** "Expiration" and the date and time we received and processed your payment to reinstate the **Policy**; or
- 3. Payment is received and processed after the 30th day following "Expiration".

If the reinstatement is void for any of these reasons, the **Policy** remains expired as of the "Expiration", and we will not be liable for any claims or damages after "Expiration".

**Reduction and
Reformation of
Coverage**

**Reduction and
Reformation of
Coverage Continued**

1. If the premium we received from you was not enough to buy the kind and amount of coverage you requested, we will provide only the amount of coverage that can be purchased for the premium payment we received.
2. The **Policy** can be reformed to increase the amount of coverage resulting from the reduction described in **1.** immediately above to the amount you requested as follows:
 - a. Discovery of insufficient premium or incomplete rating information before a loss.
 - (1) If we discover before you have a “Flood” loss that your premium payment was not enough to buy the requested amount of coverage, we will send you and any mortgagee or trustee known to us a bill for the required additional premium for the current **Policy** term (or that portion of the current **Policy** term following any endorsement changing the amount of coverage). If you or the mortgagee or trustee pay the additional premium within 30 days from the date of our bill, we will reform the **Policy** to increase the amount of coverage to the originally requested amount effective to the beginning of the current **Policy** term (or subsequent date of any endorsement changing the amount of coverage).
 - (2) If we determine before you have a “Flood” loss that the rating information we have is incomplete and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information within 60 days of our request. Once we determine the amount of additional premium for the current **Policy** term, we will follow the procedure in **2.a.(1)** above.
 - (3) If we do not receive the additional premium (or additional information) by the date it is due, the amount of coverage can only be increased by endorsement.
 - b. Discovery of insufficient premium or incomplete rating information after a loss.
 - (1) If we discover after you have a “Flood” loss that your premium payment was not enough to buy the requested amount of coverage, we will send you and any mortgagee or trustee known to us a bill for the required additional premium for the current and the prior **Policy** terms. If you or the mortgagee or trustee pay the additional premium within 30 days from the date of our bill, we will reform the **Policy** to increase the amount of coverage to the originally requested amount effective to the beginning of the prior **Policy** term.
 - (2) If we discover after you have a “Flood” loss that the rating information we have is incomplete and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information before your claim can be paid. Once we determine the amount of additional premium for the current and prior **Policy** terms, we will follow the procedure in **2.b.(1)** above.
 - (3) If we do not receive the additional premium by the date it is due, your “Flood” insurance claim will be settled based on the reduced amount of coverage. The amount of coverage can only be increased by endorsement.

**Reduction and
Reformation of
Coverage Continued
Conditions Suspending
or Restricting "Flood"
Insurance
Duties After Loss**

3. However, if we find that you or your agent intentionally did not tell us, or falsified, any important fact or circumstance or did anything fraudulent relating to this insurance, the provisions of **Conditions, Concealment or Fraud and Policy Voidance** apply.

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

In case of a "Flood" loss or damage to covered property, you must:

1. Give prompt written notice to us or our agent;
2. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary repairs to protect the property; and
 - b. Keep an accurate record of repair expenses;
3. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that we may examine it;
4. Prepare an inventory of damaged property showing the quantity, description, age, "Actual Cash Value", and amount of loss. Attach all bills, receipts, and related documents that justify the figures in the inventory;
5. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the **Policy** signed and sworn to by you, and which furnishes us with the following information:
 - a. The date and time of loss;
 - b. A brief explanation of how the loss happened;
 - c. Your interest (for example, "owner") and the interest, if any, of others in the damaged property;
 - d. Details of any other insurance that may cover the loss;
 - e. Changes in title or occupancy of the covered property during the term of the **Policy**;
 - f. Specifications of damaged buildings and detailed repair estimates;
 - g. Names of mortgagees or anyone else having a lien, charge, or claim against the covered property;
 - h. Details about who occupied any insured "Building" at the time of loss and for what purpose; and
 - i. The inventory of damaged personal property described in **4.** above.
6. In completing the proof of loss, you must use your own judgment concerning the amount of loss and justify that amount.
7. You must cooperate with the adjuster or representative in the investigation of the claim.
8. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.

**Duties After Loss
Continued**

9. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim,
10. At our option, we may accept the adjuster's report of the loss instead of your proof of loss. The adjuster's report will include information about your loss and the damages you sustained. You must sign the adjuster's report. At our option, we may require you to swear to the report.

Options we may, in our sole discretion, exercise after loss include the following:

1. At such reasonable times and places that we may designate, you must:
 - a. Show us or our representative the damaged property;
 - b. Submit to examination under oath, while not in the presence of another "Named Insured" or your spouse (if a resident of the same household), and sign the same; and
 - c. Permit us to examine and make extracts and copies of:
 - (1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;
 - (2) "Condominium Association" documents including the Declarations of the "Condominium", its Articles of Association or Incorporation, Bylaws, rules and regulations, and other relevant documents if you are a "Unit" owner in a "Condominium" "Building"; and
 - (3) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.
2. We may request, in writing, that you furnish us with a complete inventory of the lost, damaged, or destroyed property, including:
 - a. Quantities and costs;
 - b. "Actual Cash Value" or "Replacement Cost" (whichever is appropriate);
 - c. Amounts of loss claimed;
 - d. Any written plans and specifications for repair of the damaged property that you
3. can reasonably make available to us; and
 - a. Evidence that prior "Flood" damage has been repaired.
4. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:
 - a. Repair, rebuild, or replace any part of the lost, damaged, or destroyed property with material or property of like kind and quality or its functional equivalent; and
 - b. Take all or any part of the damaged property at the value we agree upon or its appraised value.

No Benefit to Bailee

No person or organization, other than you, having custody of covered property will benefit from this insurance.

Loss Payment

1. We will adjust all losses with you. We will pay you unless some other person or entity is named in the **Policy** or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files an adjuster's report signed and sworn to by you in lieu of a proof of loss) and:

**Loss Payment
Continued**

- a. We reach an agreement with you;
 - b. There is an entry of a final judgment; or
 - c. There is a filing of an appraisal award with us, as provided in **Conditions, Appraisal**.
2. If we reject your proof of loss in whole or in part, you may:
- a. Accept our denial of your claim;
 - b. Exercise your rights under this **Policy**; or
 - c. File an amended proof of loss, as long as it is filed within 60 days of the date of the loss.

**Abandonment
Salvage**

You may not abandon to us damaged or undamaged property insured under this **Policy**. We may permit you to keep damaged insured property after a loss, and we will reduce the amount of the loss proceeds payable to you under the **Policy** by the value of the salvage.

Appraisal

If you and we fail to agree on the "Actual Cash Value" or, if applicable, "Replacement Cost" of your damaged property to settle upon the amount of loss, then either may demand an appraisal of the loss. In this event, you and we will each choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the State where the covered property is located. The appraisers will separately state the "Actual Cash Value", the "Replacement Cost", and the amount of loss to each item. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of "Actual Cash Value" and loss, or if it applies, the "Replacement Cost" and loss.

Each party will:

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

Mortgage Clause

The word "mortgagee" includes trustee.

Any loss payable under **Flood Coverage A – Building Property** will be paid to any mortgagee of whom we have actual notice as well as any other mortgagee or loss payee determined to exist at the time of loss, and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

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

1. Notifies us of any change in the ownership or occupancy, or substantial change in risk of which the mortgagee is aware; This notice includes notifying us of foreclosure or if a foreclosure has been initiated;
2. Pays any premium due under this **Policy** on demand if you have neglected to pay the premium; and
3. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so.

All of the terms of this **Policy** apply to the mortgagee.

**Mortgage Clause
Continued**

The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the "Building".

If we decide to cancel or not renew this **Policy**, the mortgagee will be notified at least 45 days before the date "Cancellation" or "Non-Renewal" takes effect.

If we pay the mortgagee for any loss and deny payment to you, we are subrogated to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

Suit Against Us

You may not sue us to recover money under this **Policy** unless you have complied with all the requirements of the **Policy**. If you do sue, you must start the suit within one (1) year after the date of the written denial of all or part of the claim under the **Policy**. This requirement applies to any claim that you may have under this **Policy** and to any dispute that you may have arising out of the handling of any claim under the **Policy**.

Subrogation

Whenever we make a payment for a loss under this **Policy**, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred to us, to the extent that we have paid you for the loss. We may require you to acknowledge this transfer in writing. After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first before you may keep any of that money.

Subrogation Continued

**Continuous Lake
Flooding**

1. If your insured "Building" has been flooded by rising lake waters continuously for 90 days or more and it appears reasonably certain that a continuation of this flooding will result in a covered loss to the insured "Building" equal to or greater than the "Building" **Policy** limits plus the deductible or the maximum payable under the **Policy** for any one "Building" loss, we will pay you the lesser of these two amounts without waiting for the further damage to occur if you sign a release agreeing:
 - a. To make no further claim under this **Policy**;
 - b. Not to seek renewal of this **Policy**;
 - c. Not to apply for any "Flood" insurance from us for property at the "Described Location"; and
 - d. Not to seek a premium refund for current or prior terms.

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

2. If your insured "Building" is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either Paragraph 1. above or 2. (A closed basin lake is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded 1 square mile at any time in the recorded past. Most of the nation's closed basin lakes are in the western half of the United States, where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions). Under this Paragraph 2., we will pay your claim as if the "Building" is a total loss even though it has not been continuously inundated for

Duplicate Policies Not Allowed

90 days, provided that lake "Flood" waters must damage or imminently threaten to damage your "Building".

1. We will not insure your property under more than one "PFIP" **Policy**.

If we find that the duplication was not knowingly created, we will give you written notice. The notice will advise you that you may choose one of several options under the following procedures:

- a. If you choose to keep in effect the **Policy** with the earlier effective date, you may also choose to add the coverage limits of the later **Policy** to the limits of the earlier **Policy**. The change will become effective as of the effective date of the later **Policy**.
- b. If you choose to keep in effect the **Policy** with the later effective date, you may also choose to add the coverage limits of the earlier **Policy** to the limits of the later **Policy**. The change will be effective as of the effective date of the later **Policy**.

In either case, you must pay the pro rata premium for the increased coverage limits within 30 days of the written notice. In no event will the resulting coverage limits exceed the "PFIP" permissible limits of coverage or your insurable interest, whichever is less.

We will make a refund to you, according to applicable "Insurer" rules, of the premium for the **Policy** not being kept in effect.

2. Your option under **Conditions, Duplicate Policies Not Allowed** to elect which "PFIP" **Policy** to keep in effect does not apply when duplicates have been knowingly created. Losses occurring under such circumstances will be adjusted according to the terms and conditions of the earlier **Policy**. The **Policy** with the later effective date will be cancelled.

Loss Settlement

General

This **Policy** provides three methods of settling losses: "Replacement Cost", Special Loss Settlement, and "Actual Cash Value". Each method is used for a different type of property, as explained in **1.**, **2.**, and **3.** below.

1. "Replacement Cost" loss settlement, described in **Conditions, Loss Settlement – Replacement Cost Loss Settlement** below, applies to a single-family "Dwelling" provided:
 - a. It is your principal residence, which means that, at the time of loss, you or your spouse lived there for at least 80 percent of:
 - (1) The 365 days immediately preceding the loss; or
 - (2) The period of your ownership, if you owned the "Dwelling" for less than 365 days; and
 - b. At the time of loss, the amount of insurance in this **Policy** that applies to the "Dwelling" is 80 percent or more of its full "Replacement Cost" immediately before the loss or is the maximum amount of insurance available under the "PFIP".
2. Special loss settlement, described in **Conditions, Loss Settlement – Special Loss Settlement** below, applies to a single-family "Dwelling" that is a manufactured or mobile home or a travel trailer.

3. "Actual Cash Value" loss settlement applies to a single-family "Dwelling" not subject to "Replacement Cost" or special loss settlement, and to the property listed in **Conditions, Loss Settlement – Actual Cash Value**. below.

Replacement Cost Loss Settlement

The following loss settlement conditions apply to a single-family "Dwelling" described in 1.a. above:

1. We will pay to repair or replace the damaged "Dwelling" after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - a. The "Building" limit of liability shown on your "Declarations Page";
 - b. The "Replacement Cost" of that part of the "Dwelling" damaged, with materials of like kind and quality, and for like use; or
 - c. The necessary amount actually spent to repair or replace the damaged part of the "Dwelling" for like use.
2. If the "Dwelling" is rebuilt at a new location, the cost described above is limited to the cost that would have been incurred if the "Dwelling" had been rebuilt at its former location.
3. When the full cost of repair or replacement is more than \$1,000 or more than 5 percent of the whole amount of insurance that applies to the "Dwelling", we will not be liable for any loss under **Conditions, Loss Settlement – Replacement Cost Loss Settlement, 1.a.** above or **Conditions, Loss Settlement – Actual Cash Value Loss Settlement, 1.a.** below unless and until actual repair or replacement is completed. You may disregard the "Replacement Cost" conditions above and make claim under this **Policy** for loss to dwellings on an "Actual Cash Value" basis. You may then make claim for any additional liability according to **Conditions, Loss Settlement – Replacement Cost Loss Settlement, 1.a., b., and c.** above, provided you notify us of your intent to do so within 180 days after the date of loss.

Special Loss Settlement

1. The following loss settlement conditions apply to a single-family "Dwelling" that:
 - a. Is a manufactured or mobile home or a travel trailer, as defined in **Definitions, "Building"**;
 - b. Is at least 16 feet wide when fully assembled and has an area of at least 600 square feet within its perimeter walls when fully assembled; and
 - c. Is your principal residence, as specified in **Conditions, Loss Settlement – General, 1.a.** above.
2. If such a "Dwelling" is totally destroyed or damaged to such an extent that, in our judgment, it is not economically feasible to repair, at least to its pre-damage condition, we will, at our discretion, pay the least of the following amounts:
 - a. The lesser of the "Replacement Cost" of the "Dwelling" or 1.5 times the "Actual Cash Value", or
 - b. The "Building" limit of liability shown on your "Declarations Page".
3. If such a "Dwelling" is partially damaged and, in our judgment, it is economically feasible to repair it to its pre-damage condition, we will settle the loss according to the "Replacement Cost" conditions in **Conditions, Loss Settlement – Replacement Cost Loss Settlement** above.

Actual Cash Value Loss Settlement

The types of property noted below are subject to “Actual Cash Value” [or in the case of **1.b.** below, proportional] loss settlement.

1. A “Dwelling”, at the time of loss, when the amount of insurance on the “Dwelling” is both less than 80 percent of its full “Replacement Cost” immediately before the loss and less than the maximum amount of insurance available under the “PFIP”. In that case, we will pay the greater of the following amounts, but not more than the amount of insurance that applies to that “Dwelling”:
 - a. The “Actual Cash Value”, as defined in **Definitions, “Actual Cash Value”**, of the damaged part of the “Dwelling”; or
 - b. A proportion of the cost to repair or replace the damaged part of the “Dwelling”, without deduction for physical depreciation and after application of the deductible.

This proportion is determined as follows: If 80 percent of the full “Replacement Cost” of the “Dwelling” is less than the maximum amount of insurance available under the “PFIP”, then the proportion is determined by dividing the actual amount of insurance on the “Dwelling” by the amount of insurance that represents 80 percent of its full “Replacement Cost”. But if 80 percent of the full “Replacement Cost” of the “Dwelling” is greater than the maximum amount of insurance available under the “PFIP”, then the proportion is determined by dividing the actual amount of insurance on the “Dwelling” by the maximum amount of insurance available under the “PFIP”.

2. A two-, three-, or four-family “Dwelling”.
3. A “Unit” that is not used exclusively for single-family “Dwelling” purposes.
4. Detached garages.
5. Personal property.
6. Appliances, carpets and carpet pads.
7. Outdoor awnings, outdoor antennas or aerials of any type, and other outdoor equipment.
8. Any property covered under this **Policy** that is abandoned after loss and remains as debris anywhere on the “Described Location”.
9. A “Dwelling” that is not your principal residence

Amount of Insurance Required

To determine the amount of insurance required for a “Dwelling” immediately before the loss, do not include the value of:

1. Footings, foundations, piers or any other structures that are below the undersurface of the lowest “Basement” floor and support all or part of the “Dwelling”;
2. Those supports listed in **1.** above that are below the surface of the ground inside the foundation walls if there is no “Basement”; and
3. Excavations and underground flues, pipes, wiring and drains.

The **Coverage D – Increased Cost of Compliance** limit of liability is not included in the determination of the amount of insurance required.

LIBERALIZATION CLAUSE

If we make a change that broadens your coverage under this edition of our **Policy**, but does not require any additional premium, then that change will automatically apply to your insurance as of the date we implement the change, provided that this implementation date falls within 60 days before, or during, the **Policy** term stated on the "Declarations Page". This Liberalization Clause does not apply to changes implemented through introduction of a subsequent edition of our **Policy**.