

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ENHANCED HOME PACKAGE - TEXAS
FORMS HO-2 AND HO-3 ONLY**

DEFINITIONS

Under **10.** "Occurrence", the following sentence is added:

"Occurrence" also means an offense, including a series of related offenses, committed during the policy period that results in "personal injury".

The following is added:

14. "Personal injury" means injury, other than "bodily injury", caused by any of the following offenses committed during the policy period:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral, written or electronic publication of material that violates a person's right of privacy.

SECTION I – PROPERTY COVERAGES

COVERAGE C - PERSONAL PROPERTY

The Coverage C limit shown on the Declarations is increased to 70% of the limit shown for COVERAGE A - DWELLING.

Special Limits of Liability

The special limits shown in the policy for each category are increased as follows:

- a. \$100 additional on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.
- b. \$1,500 additional on securities, accounts, deeds, evidence of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

- c. \$1,500 additional on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.
- d. \$1,500 additional on trailers or semi-trailers not used with watercraft of all types.
- e. \$1,500 additional for loss by theft of jewelry, watches, furs, precious and semiprecious stones.
- g. \$1,500 additional for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold, platinum or pewter.
- h. \$500 additional on property, on the "residence premises", used primarily for "business" purposes.
- i. \$250 additional on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and accessories described in category **j.** below.
- j. \$500 additional on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.
- k. \$250 additional on tapes, records, discs or other media that can be used with any electronic apparatus, while in or upon a "motor vehicle".

SECTION I - ADDITIONAL COVERAGES

The following Additional Coverages are added:

Lock Replacement Coverage. We will pay you an amount not to exceed \$250 that you incur in changing the locks on your "residence premises" when your keys have been stolen. The theft of keys must be reported to the police for this additional coverage to apply.

No deductible applies to this additional coverage.

Reward Coverage. We will pay you an amount, not to exceed \$250, that you have incurred in the payment of rewards for information leading to the return of stolen articles or the arrest and conviction of any person(s) who have stolen articles and/or damaged any of your covered property.

Water Back Up And Sump Discharge Or Overflow

A. Coverage

We insure, up to the limit of liability shown in the Declarations for this coverage, for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water, or water-borne material, which:

1. Backs up through sewers or drains; or
2. Overflows or is discharged from a:
 - a. Sump, sump pump; or
 - b. Related equipment;

even if such overflow or discharge results from mechanical breakdown. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown.

This coverage does not increase the limits of liability for Coverages A, B, C, or D stated in the Declarations.

B. Section I - Perils Insured Against

With respect to the coverage described in A. above, in Form **HO-3** paragraph **2.c.(6)(b)** under Coverage A – Dwelling And Coverage B – Other Structures, and in Form **HO-15** paragraph **1.c.(5)(b)** are deleted and replaced by the following;

Latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

C. Section I - Exclusions

3. Water Damage. Paragraph **b.** is deleted and replaced by the following:

- b.** Water, or water-borne material, which:
 - (1) Backs up through sewers or drains; or
 - (2) Overflows or is discharged from; a sump, sump pump or related equipment;
 as a direct or indirect result of flood; or

The following Additional Coverages are changed as follows:

5. Fire Department Service Charge.

We agree to increase the limit of liability that applies to this additional coverage by the amount of \$250.

7. Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.

We agree to increase the limit of liability that applies to this additional coverage by the amount of \$1,500.

8. Loss Assessment.

We agree to increase the limit of liability that applies to this additional coverage by the amount of \$4,000.

SECTION I - CONDITIONS

3. Loss Settlement is deleted and replaced by the following:

3. Loss Settlement. In this Condition **3.**, the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in Additional Coverage **12.** Ordinance Or Law. Covered property losses are settled as follows:

a. Property of the following type are settled at replacement cost at the time of loss:

- (1) Personal property; and
- (2) Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment;

whether or not attached to buildings;

Replacement cost loss settlement will also apply to the following articles or classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:

- (1) Jewelry;
- (2) Furs and garments:
 - (a) Trimmed with fur; or
 - (b) Consisting principally of fur;
- (3) Cameras, projection machines, films and related articles of equipment;
- (4) Musical equipment and related articles of equipment;
- (5) Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding:

- (a) Pens or pencils;
 - (b) Flasks;
 - (c) Smoking implements; or
 - (d) Jewelry; and
- (6) Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

Replacement cost loss settlement will not apply to other classes of property separately described and specifically insured.

We will pay no more than the least of the following amounts:

- (1) Replacement cost at the time of loss without deduction for depreciation;
- (2) The full cost of repair at the time of loss;
- (3) The limit of liability that applies to Coverage C, if applicable;
- (4) Any applicable special limits of liability stated in this policy; or
- (5) For loss to any item separately described and specifically insured in this policy, the limit of liability that applies to the item.

If the cost to repair or replace the property described in **a.** above is more than \$2,500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.

You may make a claim for loss on an actual cash value basis and then make claim for any additional liability in accordance with this endorsement provided you notify us of your intent to do so within 180 days after the date of loss.

Property listed below is not eligible for replacement cost settlement. We will not pay more than the actual cash value at the time of loss or the amount required to repair or replace, whichever is less, for any of the following:

- (1) Antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be replaced.
- (2) Memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to their value.
- (3) Articles not maintained in good or workable condition.
- (4) Articles that are outdated or obsolete and are stored or not being used.

- b. Structures that are not buildings; and
Grave markers and mausoleums;
at actual cash value at the time of loss but not more than the amount required to repair or replace.
- c. Buildings under Coverage A or B are settled at replacement cost without deduction for depreciation, subject to the following:

- (1) We will pay the cost to repair or replace, after application of deductible and without deduction for depreciation, but not more than the least of the following amounts:

- (a) The limit of liability under this policy that applies to the building, plus any additional amount that may be provided under paragraph **c.(2)(c)** below;
- (b) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
- (c) The necessary amount actually spent to repair or replace the damaged building.

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

- (2) If you have:

- (a) Allowed us to adjust the Coverage A limit of liability and the premium in accordance with:
 - (i) The property evaluations we make; and
 - (ii) Any increases in inflation; and
- (b) Notified us, within 30 days of completion, of any improvements, alterations or additions to the building which increase the replacement cost of the building by 5% or more;

Then, if there is a loss to the dwelling that exceeds the Coverage A limit of liability shown in the Declarations, for the purposes of settling that loss only,

- (c) We will provide an additional amount of insurance up to ____%* of the Coverage A limit of liability, provided you elect to repair or replace the damaged or destroyed dwelling.

- (3) We will pay no more than the actual cash value of the damage until actual repair or replacement is complete.

However, if the cost to repair or replace the damage is less than \$2,500, we will settle the loss according to the provisions of **b.(1)** above whether or not actual repair or replacement is complete.

- (4) You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to buildings on an actual cash value basis. You may then make claim for any additional liability on a replacement cost basis, provided you notify us of your intent to do so within 180 days after the date of loss.

SECTION II – LIABILITY COVERAGES

COVERAGE E – PERSONAL LIABILITY

This section is deleted and replaced by the following:

If a claim is made or a suit is brought against any "insured" for damages because of "bodily injury", "personal injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which the "insured" is legally liable. Damages include prejudgment interest awarded against the "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability is exhausted by the payment of a judgment or settlement.

SECTION II - ADDITIONAL COVERAGES

Additional Coverages **3.** and **4.** are amended as follows:

3. Damage To Property of Others.

We agree to pay at replacement cost and to increase the limit of liability that applies to this additional coverage by \$500 per "occurrence".

4. Loss Assessment.

We agree to increase the limit of liability that applies to this Additional Coverage by the amount of \$4,000.

SPECIAL LIMIT - We will not pay more than \$1,000 of your assessment that results from a deductible in the policy of insurance purchased by a corporation or association of property owners.

SECTION II - EXCLUSIONS

Exclusion **B.2.c.(2)** is deleted and replaced by the following:

- (2) One or more outboard engines or motors with:
- (a) 50 total horsepower or less; or
 - (b) More than 50 horsepower if the outboard engine or motor is not owned by an "insured";
 - (c) More than 50 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period, or:
 - (d) More than 50 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
 - (1) You declare them at policy inception; or
 - (2) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

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

Exclusion **C.3.** is deleted and replaced by the following:

3. "Property damage" to property rented to, occupied or used by or in the care of the "insured". This exclusion does not apply to "property damage" caused by fire, smoke, explosion, or water damage;

Exclusion **C.8.** is added as follows:

8. "Personal Injury":
 - a. Arising out of an act an "insured" commits or conspires to commit with the knowledge that the act would violate the rights of another and would inflict "personal injury";
 - b. Arising out of oral, written or electronic publication of material, if done by or at the direction of an "insured" with knowledge of its falsity;
 - c. Arising out of oral, written or electronic publication of material whose first publication took place before the beginning of the policy period;
 - d. Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of an "insured";

- e. Arising out of liability assumed by an "insured" under any contract or agreement except any indemnity obligation assumed by an "insured" under a written contract directly relating to the ownership, maintenance or use of the premises;
- f. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by the "insured";
- g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business";
- h. Arising out of civic or public activities performed for pay by an "insured";
- i. To you or an "insured" as defined under Definition 7.a. or b.

This exclusion also applies to any claim made or suit brought against you or an "insured":

(1) To repay; or

(2) Share damages with;

another person who may be obligated to pay damages because of "personal injury" to an "insured"; or

- j. Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time; or

Arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or microbes.

This includes any loss, cost or expense arising out of any:

(1) Request, demand or order that an "insured" or others test for, monitor, clean

up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants, "fungi" or microbes; or

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

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

SECTION II - CONDITIONS

- 1. **Limit of Liability** is deleted and replaced by the following:

- 1. **Limit of Liability.** Our total liability under Coverage E for all damages resulting from any one "occurrence" will not be more than the Coverage E limit of liability shown in the Declarations plus \$100,000. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence". All "personal injury" resulting from a series of related offenses shall be considered to be the result of one offense.

Our total liability under Coverage F for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the limit of liability for Coverage F as shown in the Declarations plus \$1,000.

*Entry may be left blank if shown in the Declarations for this coverage.

All other provisions of this policy apply.