

Policy Endorsement

The following endorsement changes your policy. Please read this document carefully and keep it with your policy.

Maine

Condominium Owners Policy Amendatory Endorsement — AP1352-2

I. The **General** section of the policy is amended as follows:

A. The **Cancellation** provision of the policy is replaced by the following:

Cancellation

Your Right to Cancel:

You may cancel this policy by notifying **us** of the future date **you** wish to stop coverage.

Our Right to Cancel:

We may cancel this policy by mailing notice to **you** at the mailing address shown on the declarations page. When this policy has been in effect for less than 90 days (less than 120 days if this policy covers a secondary residence expected to be continuously unoccupied for three or more months in an annual period), and it is not a renewal with **us**, **we** may cancel this policy for any reason. If **we** cancel for nonpayment of premium, **we** will give **you** at least 10 days notice before the cancellation takes effect. If **we** cancel for any other reason, **we** will give **you** at least 20 days notice before the cancellation takes effect.

When this policy has been in effect for 90 days or more (120 days or more if this policy covers a secondary residence expected to be continuously unoccupied for three or more months in an annual period), or if it is a renewal with **us**, **we** may cancel this policy for one or more of the following reasons:

1. Non-payment of premium;
2. **You** have been convicted of a crime and one of the elements of that crime was an act increasing any hazard **we** cover;
3. Fraud or material misrepresentation by an **insured person** or a representative of an **insured person** in obtaining the insurance;
4. Fraud or material misrepresentation by **you** in pursuing a claim under this policy;
5. Grossly negligent acts or omissions by an **insured person** which have substantially increased the hazards **we** originally agreed to insure; or
6. Physical change in the covered property which makes the property uninsurable.

If the cancellation is for non-payment of premium, **we** will give **you** at least 10 days notice. If the cancellation is for one or more of the other reasons, **we** will give **you** at least 20 days notice.

Our mailing the notice of cancellation to **you** by Post Office certificate of mailing will be deemed to be proof of receipt of notice on the fifth calendar day after mailing. Coverage under this policy will terminate on the effective date and hour stated on the cancellation notice. **Your** return premium, if any,

will be calculated on a pro rata basis and refunded at the time of cancellation or as soon as possible. However, refund of unearned premium is not a condition of cancellation.

Any unearned premium amounts under \$2.00 will be refunded only upon **your** request.

Our Right Not to Renew or Continue:

We have the right not to renew or continue the policy beyond the current premium period. If **we** don't intend to continue or renew the policy, **we** will mail **you** notice at least 30 days before the end of the premium period. **Our** notice will include the reason(s) for nonrenewal. **Our** mailing the notice of non-renewal to **you** will be deemed to be proof of notice on the third calendar day after mailing.

B. The **Concealment Or Fraud** provision is replaced by the following:

Concealment Or Fraud

We do not cover any **insured person** who has concealed or misrepresented any material fact or circumstance before or after a loss.

C. The following provision is added:

Payment

If **you** pay by check, electronic transaction, or other remittance which is not justifiably honored because of insufficient funds or a closed account, **you** will be charged a fee of \$10.00.

II. **Section I—Your Property** is amended as follows:

A. Under **Coverage A Building Property Protection**, the **Property We Cover Under Coverage A** provision is deleted and replaced by the following:

Property We Cover Under Coverage A

We will cover items of real property owned exclusively by an **insured person** that:

1. do or will comprise a part of the **residence premises**;
2. are used to service or support **your residence premises**; and
3. are **your** insurance responsibility as expressed under the governing rules of the **condominium association**.

Real property includes only those fixtures, structures, construction material and supplies, installations or additions located either within that portion of the premises used as **your residence premises** or on the **condominium** premises.

B. In **Losses We Cover Under Coverage C**, item 8 is replaced by the following:

8. Vandalism and Malicious Mischief.

We do not cover vandalism or malicious mischief if your **residence premises** has been vacant for more than 60 consecutive days immediately prior to the vandalism or malicious mischief. A **residence premises** under construction is not considered vacant.

C. In **Losses We Do Not Cover Under Coverages A and C**, items 7, 9 and 15d are replaced by the following:

7. Neglect by any **insured person** to take all reasonable steps to save and preserve property endangered by a cause of loss **we** cover.
9. Intentional acts of or at the direction of any **insured person**, if the loss that occurs:
 - a) may be reasonably expected to result from such acts; or
 - b) is the intended result of such acts.

This exclusion does not apply with respect to the interest of an **insured person** or mortgagee not participating in these acts.

15. d) rust or other corrosion.

D. In **Losses We Do Not Cover Under Coverages A and C**, the following is added:

22. Mold, fungus, wet rot, dry rot or bacteria. This includes any loss which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.

This exclusion applies regardless of whether mold, fungus, wet rot, dry rot or bacteria arises from any other cause of loss, including but not limited to a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except as specifically provided in **Section I, Conditions—Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

E. In **Additional Protection**, item 1, **Additional Living Expense** is replaced by the following:

1. **Additional Living Expense**

- a) **We** will pay the reasonable increase in living expenses necessary to maintain **your** normal standard of living when a direct physical loss **we** cover under **Coverage A—Building Property Protection** or **Coverage C—Personal Property Protection** makes **your condominium** uninhabitable. However, additional living expense due to remediation of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I, Conditions—Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

Payment for additional living expense as a result of a covered loss **under Coverage A—Building Property Protection** or **Coverage C—Personal Property Protection** will be limited to the least of the following:

- 1) the time period required to repair or replace the property **we** cover, using due diligence and dispatch; or
- 2) if you permanently relocate, the shortest time for your household to settle elsewhere;
- 3) 12 months.

- b) **We** will pay your lost fair rental income resulting from a covered loss under **Coverage A—Building Property Protection** or **Coverage C—Personal Property Protection**, less charges and expenses which do not continue, when a loss **we** cover **under Coverage A—Building Property Protection** or **Coverage C—Personal Property Protection** makes the part of the **residence premises you** rent to others, or hold for rental, uninhabitable. **We** will pay for lost fair rental income for the shortest time required to repair or replace the part rented or held for

rental but not to exceed 12 months. However, payments for **your** lost fair rental income expense due to remediation of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I, Conditions—Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

- c) **We** will pay the reasonable and necessary increase in living expenses and the lost fair rental income for up to two weeks should civil authorities prohibit the use of the **residence premises** due to a loss at a neighboring premises caused by a loss **we** insure against. However, payments for increase in living expenses or **your** lost fair rental income expense due to remediation of mold, fungus, wet rot or dry rot will not be paid in addition to any amounts paid or payable under **Section I, Conditions—Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**.

These periods of time are not limited by the termination of this policy.

We do not cover any lost income or expense due to the cancellation of a lease or agreement.

No deductible applies to this protection.

F. **Section I Conditions** is amended as follows:

1. Under **How We Pay For A Loss**, item 5. c) is deleted and replaced by the following:

- c) Building Property Reimbursement. Under **Coverage A—Building Property Protection**, **we** will make additional payment to reimburse **you** for cost in excess of actual cash value if **you** repair, rebuild or replace damaged, destroyed or stolen covered property within 180 days of the actual cash value payment. This additional payment includes the reasonable and necessary expense for treatment or removal and disposal of contaminants, toxins, or pollutants as required to complete repair or replacement of that part of **your residence premises** which are **your** insurance responsibility as expressed under the governing rules of the **condominium**. This additional payment shall not include any amounts which may be paid or payable under **Section I, Conditions—Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss**, and shall not be payable for any losses excluded in **Section I—Your Property**, under **Losses We Do Not Cover Under Coverages A and C**, item 22.

Building Property Reimbursement will not exceed the smallest of the following amounts:

1. the replacement cost of the part(s) of the building property for like kind and quality construction for the same use on the same premises;
2. the amount actually and necessarily spent to repair or replace the damaged building property with like kind and quality construction for the same use on the same **residence premises**; or
3. the limit of liability applicable to the building property as shown on the Policy Declarations for **Coverage A—Dwelling Protection**.

Building Property Reimbursement payment will be limited to the difference between any actual cash value payment made for covered loss to building property and the smallest of 1., 2. or 3. above.

Building Property Reimbursement will not apply to:

1. property covered under **Coverage C – Personal Property Protection**; or
2. wall-to-wall carpeting, fences, awnings and outdoor antennas, whether or not attached to a building structure.

Payment under "a", "b" or "c" above will not include any increased costs due to the enforcement of any building codes, ordinances or laws regulating the construction, reconstruction, maintenance, repair, relocation or demolition of building property or other structures.

2. The **Our Settlement of Loss** provision is replaced by the following:

We will settle any covered loss with **you** unless any other payee or entity is named in the policy. With regard to non-fire losses, **we** will settle within 30 days after the amount of loss is finally determined. This amount may be determined by an agreement among **you**, any other payee or entity named in the policy and **us**, an appraisal award or a court judgment.

3. The **Suit Against Us** provision is replaced by the following:

Suit Against Us

No suit or action may be brought against us unless there has been full compliance with all policy terms. Any suit or action must be brought within two years after the inception of the loss or damage.

4. The **Mortgagee** provision is replaced by the following:

Mortgagee

A covered loss will be payable to the Mortgagee(s) named on the Policy Declarations, to the extent of their interest and in the order of precedence. All provisions of **Section I Conditions** of this policy apply to these mortgagees.

We will:

- a) protect the mortgagee's interest in a covered **building structure** in the event of an increase in hazard, intentional or criminal acts of, or directed by, an **insured person**, failure by any **insured person** to take all reasonable steps to save and preserve property after a loss, a change in ownership, or foreclosure if the mortgagee has no knowledge of these conditions;
- b) give the mortgagee at least 10 days notice if **we** cancel this policy for non-payment of premium. However, if we cancel this policy for any other reason, **we** will give the mortgagee at least 20 days notice; and
- c) give the mortgagee at least 30 days notice before the end of the premium period if **we** do not intend to continue or renew the policy.

The mortgagee will:

- a) furnish proof of loss within 60 days after notice of the loss if an **insured person** fails to do so;
- b) pay upon demand any premium due if an **insured person** fails to do so;
- c) notify **us** in writing of any change of ownership or occupancy or any increase in hazard of which the mortgagee has knowledge;
- d) give **us** the mortgagee's right of recovery against any party liable for loss; and

- e) after a loss, and at **our** discretion, permit **us** to satisfy the mortgage requirements and receive full transfer of the mortgage.

The mortgagee interest provision shall apply to any trustee or loss payee or other secured party.

- 5. The following provision is added:

19. Mold, Fungus, Wet Rot and Dry Rot Remediation as a Direct Result of a Covered Water Loss

In the event of a covered water loss under **Coverage A—Building Property Protection** or **Coverage C—Personal Property Protection**, **we** will pay up to \$5,000 for mold, fungus, wet rot or dry rot remediation.

Remediation means the reasonable and necessary treatment, removal or disposal of mold, fungus, wet rot or dry rot as required to complete repair or replacement of property **we** cover under **Coverage A—Building Property Protection** or **Coverage C—Personal Property Protection** damaged by a covered water loss, including payment for any reasonable increase in living expenses necessary to maintain **your** normal standard of living if mold, fungus, wet rot or dry rot makes **your residence premises** uninhabitable. **Remediation** also includes any investigation or testing to detect, measure or evaluate mold, fungus, wet rot or dry rot.

This Condition does not increase the limits of liability under **Coverage A—Building Property Protection** or **Coverage C—Personal Property Protection**.

- III. **Section II—Family Liability** and **Guest Medical Protection** is amended as follows:

- A. In **Coverage X Family Liability Protection**, **Losses We Cover Under Coverage X** is replaced by the following:

Losses We Cover Under Coverage X

Subject to the terms, limitations and conditions of this policy, **we** will pay damages including prejudgment interest which an **insured person** is legally obligated to pay because of **bodily injury** or **property damage** arising from an **occurrence** to which this policy applies, and is covered by this part of the policy.

We may investigate or settle any claim or suit for covered damages against an **insured person**. If an **insured person** is sued for these damages, **we** will provide a defense with counsel of **our** choice, even if the allegations are groundless, false or fraudulent. **We** are not obligated to pay any claim or judgment after **we** have exhausted **our** limit of liability.

- B. In **Coverage X Family Liability Protection**, under **Losses We Do Not Cover Under Coverage X**, items 1 and 2 are replaced by the following:

- 1. **We** do not cover any **bodily injury** or **property damage** intended by, or which may reasonably be expected to result from the intentional acts or omissions of, any **insured person**. This exclusion applies even if:
 - a) such **insured person** lacks the mental capacity to govern his or her own conduct;

- b) such **bodily injury** or **property damage** is of a different kind or degree than intended or reasonably expected; or
 - c) such **bodily injury** or **property damage** is sustained by a different person than intended or reasonably expected.
2. **We** do not cover **bodily injury** to **you** or **property damage** to property owned by **you** and reserved for **your** exclusive use and occupancy. Also, **we** do not cover **bodily injury** to **your** resident children or **property damage** to property owned by your resident children.
- C. In **Coverage X Family Liability Protection**, under **Losses We Do Not Cover Under Coverage X**, the following is added:
- 18. **We** do not cover **bodily injury** or **property damage** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria.
 - 19. **We** do not cover any liability imposed upon any insured person by any governmental authority for **bodily injury** or **property damage** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria. This exclusion does not apply to **Coverage G** in **Section III** of this policy.
- D. In **Coverage Y Guest Medical Protection**, under **Losses We Do Not Cover Under Coverage Y**, item 1 is replaced by the following:
- 1. **We** do not cover any **bodily injury** intended by, or which may reasonably be expected to result from the intentional acts or omissions of, any **insured person**. This exclusion applies even if:
 - a) such **insured person** lacks the mental capacity to govern his or her own conduct;
 - b) such **bodily injury** is of a different kind or degree than intended or reasonably expected; or
 - c) such **bodily injury** is sustained by a different person than intended or reasonably expected.
- E. In **Section II—Family Liability and Guest Medical Protection**, under **Losses We Do Not Cover Under Coverage Y**, the following is added:
- 15. **We** do not cover **bodily injury** which, in whole or in part, arises out of, is aggravated by or results from mold, fungus, wet rot, dry rot or bacteria. This exclusion does not apply to **Coverage G** in **Section III** of this policy.

All other policy terms and conditions apply.