

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS – MAINE

In this policy, the following is added under any provision which uses the term actual cash value:

Actual cash value means the replacement cost of an insured item of property at the time of loss, less the value of physical depreciation as to the item damaged. Physical depreciation means a value as determined according to standard business practices.

When calculating actual cash value using the estimated cost to repair or replace such property, with a reasonable deduction for depreciation that occurred before such loss or damage, we may apply depreciation to all components of the estimated cost, including the following:

- a. Materials;
- b. Labor;
- c. Overhead and profit; and
- d. Any applicable tax.

The deduction for depreciation may include such considerations as:

- a. Age;
- b. Condition, such as wear and tear or deterioration; and
- c. Reduction in useful life.

DEFINITIONS

3. **"business"** is deleted. It is replaced by the following:
3. **"business"** means:
 - a. a trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or
 - b. any other activity engaged in for money; or other compensation, except the following:
 - (1) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;
 - (2) Providing home day care services for no compensation is received, other than the mutual exchange of such services;
 - (3) Providing home day care services to a relative of an "insured".

The following are added:

10. **"physical depreciation"** means a value as determined according to standard business practices.

SECTION I – PROPERTY COVERAGES COVERAGE C – PERSONAL PROPERTY SPECIAL LIMITS OF LIABILITY

Items 9. and 10. are deleted. They are replaced by the following:

9. \$5,000 on property, on the **residence premises** used at any time or in any manner for any **business** purpose.
10. \$1,000 on property away from the **residence premises** used at any time or in any manner for any **business** purpose.

ADDITIONAL COVERAGES

7. **Loss Assessment.** The first paragraph of this section is deleted and replaced by the following:

We will pay up to \$1,000 for your share of any loss assessment charged during the policy period against you by a corporation or association of property owners. This only applies when the assessment is made as a result of each direct loss to the property; owned by all members collectively, caused by a Peril Insured Against under Coverage A – Dwelling (for Form **HO-4**, Peril Insured Against under Coverage C – Personal Property).

This coverage does not apply to assessments made as a result of damage caused by:

1. Earthquake and earthquake aftershocks; or
2. Land shock waves or tremors which occur before, during or after volcanic activity.

8. **Collapse.** is deleted. It is replaced by the following:

8. **Collapse.**

- a. with respect to this Additional Coverage:

- (1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.
- (2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.
- (3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.
- (4) A building that is standing or any part of a building that is standing is not

considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- b. we insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:
- (1) Perils Insured Against in Coverage C - Personal Property. These perils apply to covered buildings and personal property for loss insured by this additional coverage;
 - (2) Decay that is hidden from view, unless the presence of such decay is known to you prior to collapse;
 - (3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to you prior to collapse;
 - (4) Weight of contents, equipment, animals or people;
 - (5) Weight of rain which collects on a roof; or
 - (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

Loss to an:

- (1) Awning,
- (2) Fence,
- (3) Patio,
- (4) Pavement,
- (5) Swimming pool,
- (6) Underground pipe,
- (7) Flue,
- (8) Drain,
- (9) Cesspool,
- (10) Septic tank,
- (11) Foundation,
- (12) Retaining wall,
- (13) Bulkhead, pier,
- (14) Wharf, or
- (15) Dock

is not included under **b.(2)** through **(6)** above unless the loss is a direct result of the collapse of a building or any part of a building.

The following **Additional Coverage** is added:

9. Refrigerated Products Coverage.

We will pay up to \$500 for damage or loss to the contents of freezers or refrigerated units caused by a power interruption or a mechanical failure of the appliance located on the **residence premises**. Power interruption shall not include disconnection of the electrical service to the appliance by:

- a. unplugging it from the electrical source; or
- b. by switching the appliance or electrical source off.

Mechanical failure means the breakdown or malfunction of the appliance compressor or its related components resulting in the loss of refrigeration.

When you learn of a power interruption or mechanical failure occurrence that may result in loss or damage to the contents of a freezer or refrigerated unit, you must use all reasonable means to protect this property from further loss or damage. If you do not protect these refrigerated products from further damage, this coverage will not apply.

A \$100 deductible applies to this coverage.

The following Additional Coverage is added: (forms **HO-2** and **HO-3** only)

10. Ordinance or Law.

- a. you may use up to 10% of the limit of liability that applies to Coverage A for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:
 - (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
 - (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
 - (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

- b. you may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the
- (1) Construction,
 - (2) Demolition,
 - (3) Remodeling,
 - (4) Renovation,
 - (5) Repair, or
 - (6) Replacement

of property as stated in a. above.

c. we do not cover:

- (1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or
- (2) The costs to comply with any ordinance or law which requires any insured 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 on any covered building or other structure.

Pollutants means any

- (a) Solid,
- (b) Liquid,
- (c) Gaseous, or
- (d) Thermal

irritant or contaminant, including:

- (a) Smoke,
- (b) Vapor,
- (c) Soot,
- (d) Fumes,
- (e) Acids,
- (f) Alkalies,
- (g) Chemicals, or
- (h) Waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

SECTION I – PERILS INSURED AGAINST

In Form HO-3 Paragraph C.6. is deleted and replaced by the following:

6. Continuous or repeated seepage or leakage of water or steam over a period of time, weeks, months or years, from within a plumbing, drainage, heating, air conditioning system or automatic fire protective sprinkler system or from within a household appliance unless such seepage or leakage of water or steam and the resulting damage are

unknown to all **insureds** and are hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

In Form HO-2 Paragraph 13.c. is deleted and replaced by the following:

- c. Caused by or resulting from freezing, except as provided in the peril freezing (15. Freezing) below: or

SECTION I – EXCLUSIONS

The first paragraph of this section is deleted. It is replaced by the following:

We do not cover any direct or indirect loss or damage

- (1) Caused by,
- (2) Resulting from,
- (3) Contributing to, or
- (4) Aggravated by

any of these excluded perils. Loss from any of these perils is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

These exclusions apply whether or not the loss event:

- (1) Results in widespread damage;
- (2) Affects a substantial area; or
- (3) Occurs gradually or suddenly.

These exclusions also apply whether or not the loss event arises from any:

- (1) Acts of nature;
- (2) Human action or inaction;
- (3) Forces of animals, plants or other living or dead organisms; or
- (4) Other natural or artificial process.

2. **EARTH MOVEMENT** is deleted. It is replaced by the following:

2. **Earth Movement**, meaning:

events that include but are not limited to the following:

- a. earthquake and earthquake aftershocks;
- b. volcano activity including but not limited to:

- (1) Volcanic eruption;
- (2) Volcanic explosion;
- (3) Effusion of volcanic material; or
- (4) Lava flow;

c. mudslide, including

- (1) Mudflow,
- (2) Debris flow,
- (3) Landslide,
- (4) Avalanche, or

- (5) Sediment;
- d. sinkhole;
- e. subsidence;
- f. excavation collapse;
- g. erosion; or
- h. any expansion, shifting, rising, sinking, contracting, or settling of the earth, soil or land.

This exclusion applies whether or not the earth, soil or land is combined or mixed with water or any other liquid or natural or man made material.

However, loss caused directly by the specific perils:

- a. fire;
- b. explosion;
- c. breakage of building or dwelling glass of safety glazing material, including storm doors or windows; or
- d. theft;

following any **Earth Movement** is covered.

- 3. **WATER DAMAGE** is deleted. It is replaced by the following:

- 3. **Water Damage**, meaning:

- a. flood, surface water, ground water, subsurface water, storm surge, waves, wave wash, tidal water, tsunami, seiche, overflow of a body of water, or spray from any of these, whether or not a result of precipitation or driven by wind;
- b. any water or water borne material that enters through or backs up from a sewer or drain; or which discharges or overflows from a sump, sump pump, related equipment or other system designed to remove subsurface water which is drained from the foundation area;
- c. any water or water borne material located below the surface of the ground including water or water borne material:

- (1) Which exerts pressure on, seeps, leaks or flows into any:

- (a) Part of the dwelling or other structures;
- (b) Foundation of the dwelling or other structures;
- (c) Paved surface located on the **residence premises**; or
- (d) Spa, hot tub, or swimming pool.

- (2) Which causes **earth movement**, or

- d. any overflow, release, migration or discharge of water in any manner from any:

- (1) Dam,
- (2) Levee,
- (3) Dike,
- (4) Hurricane barrier, or
- (5) Water or flood control device.

Direct loss by fire, explosion or theft resulting from **water damage** will be covered.

- 5. **NEGLECT** is deleted. It is replaced by the following:

- 5. **Neglect**, meaning neglect of the **insured** to use all reasonable means to save and preserve property at and after time of loss.

SECTION I – CONDITIONS

- 2. **Duties After Loss.** Paragraph a. is deleted. It is replaced by the following:

- a. give us prompt notice and in case of theft also to the police. In case of loss under the Credit Card or Fund Transfer Card Coverage, also notify the Credit Card or Fund Transfer Card Company. With respect to a loss caused by the peril of windstorm or hail, notice to us must occur no later than one year after the date of loss;

In forms **HO-2** and **HO-3** only 3. **Loss Settlement** paragraph c.(4) is deleted. It is replaced by the following:

- (4) We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair is complete, we will settle the loss according to the provisions of c. (1) and c. (2) above.

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

In form **HA-6** only, 7. **Other Insurance** is deleted. It is replaced by the following:

- 7. **Other Insurance and Service Agreement.**

- a. if a loss covered by this policy is also covered by:

- (1) Other insurance, except insurance in the name of a corporation or association of property owners, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or

- (2) A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means:

- (a) A service plan,
- (b) Property restoration plan,
- (c) Home warranty, or
- (d) Other similar service warranty agreement,

even if it is characterized as insurance.

- b. if, at the time of loss, there is other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance will be excess over the amount recoverable under such other insurance or service agreement.

8. **Suit Against Us** is deleted. It is replaced by the following:

8. **Suit Against Us.** No action shall be brought unless:

- (a) there has been compliance with the policy provisions, and
- (b) the action is started within two years after the date of loss.

10. **Loss Payment.** is deleted with respect to non-fire-related losses. It is replaced by the following:

10. **Loss Payment.** We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 30 days after we receive your proof of loss and:

- a. 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.

12. **Mortgage Clause.** (All forms except HO-4)

The paragraph that reads "If the policy is cancelled by us, the mortgagee shall be notified at least 10 days before the date cancellation takes effect." is deleted. It is replaced by the following:

If we decide to cancel this policy, the mortgagee will be notified at least:

- a. 10 days before the date cancellation takes effect if we cancel for nonpayment of premium, or
- b. 20 days before the date cancellation takes effect in all other cases.

If we decide not to renew this policy, the mortgagee will be notified at least 30 days before the date nonrenewal takes effect.

The following are added:

Mortgagee interests and obligations. If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the

insured, such interest in this policy may be cancelled by giving to such mortgagee ten days' written notice of cancellation.

If the **insured** fails to render proof of loss, such mortgagee, upon notice, shall render proof of loss in the form herein specified within sixty (60) days thereafter. Such mortgagee shall be subject to the provisions hereof relating to appraisal, time of payment and of bringing suit.

If we claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage.

Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing.

SECTION II - EXCLUSIONS

Under Section II – Exclusions, item 1. Coverage E – Personal Liability and Coverage F – Medical Payments to Others, exclusion e. is deleted. It is replaced by the following:

e. arising out of:

- (1) The ownership, maintenance, use, loading or unloading of motor vehicles or all other motorized land conveyances, including trailers, owned or operated by or rented or loaned to an **insured**;
- (2) The entrustment by an **insured** of a motor vehicle or any other motorized land conveyance to any person; or
- (3) Vicarious liability, whether or not statutorily imposed, for the actions of a child or minor using a conveyance excluded in Paragraph (1) or (2) above.

This exclusion does not apply to:

- (1) A trailer not towed by or carried on a motorized land conveyance.
- (2) A motorized land conveyance, designed for recreational use off public roads, not subject to motor vehicle registration and:
 - (a) Not owned by an **insured**; or
 - (b) Owned by an **insured**, provided the **occurrence** takes place on an **insured location** as defined in Definitions, Paragraphs 5.a., b., d., e. or h.
- (3) A motorized golf cart when used to play golf on a golf course;
- (4) A vehicle or conveyance not subject to motor vehicle registration:

- (a) While it is in dead storage on an **insured location**;
- (b) While it is being used to service an **insured's** residence; or parked or stored there; or
- (c) Which is designed to assist a handicapped person but only while it is:
 - (i) Being used to assist a handicapped person; or
 - (ii) Parked or stored.

Exclusion j. is added; as follows:

- j. arising out of or in connection with a child care business conducted from an **insured location**, whether or not the child care business is owned or operated by an **insured** or employs an **insured**. This exclusion j. applies to, 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 child care business.

Under Section II – Exclusions, item 2. Coverage E – Personal Liability, exclusion g. is added:

- g. **bodily injury** to a person, caused by an **occurrence** of lead poisoning, starting:
 - (1) 31 days or more after either the State of Maine Department of Human Services or a lead inspector licensed by that department has given notice of the existence of an environmental lead hazard to either an **insured** or any person authorized to enter into a residential rental agreement on behalf of the **insured** and ordered that the lead-based substances at the **insured location** be removed, replaced or securely and permanently covered within 30 days of receipt of the notice; or
 - (2) Upon expiration of an extension of that order granted either by the Department of Human Services or a lead inspector licensed by the department.

This exclusion does not apply to **bodily injury** which starts after the Department of Human Services states that the environmental lead hazard described in the notice no longer exists.

SECTION II – ADDITIONAL COVERAGES

Under 1. **Claim Expenses**, the following is added:

- e. prejudgment interest awarded against the **insured** on that part of the judgment we pay. If we make an offer to pay the applicable limit of liability, we will not pay any prejudgment

interest based on that period of time after the offer.

The following is added:

5. **Property Damage Coverage for Military Personnel and Federal Government Employees:**

If an **insured** is:

- a. a United States Government Employee; or
- b. a member of the United States Military,

We agree to pay for **property damage** to United States government property, for which such **insured** is responsible under applicable rules or regulations.

Payment for such **property damage** will be at replacement cost, subject to the Limit of Liability for this **Additional Coverage**. "Replacement cost" is defined as the amount necessary to repair or replace the damaged property with no deduction for depreciation, subject to the Limit of Liability for this **Additional Coverage**.

Our Limit of Liability, per **occurrence**, under this **Additional Coverage** for all damages resulting from any one **occurrence** shall not exceed two months basic pay for the **insured**, as of the time of the **occurrence**.

We will not pay for **property damage** to:

- a. aircraft;
- b. motor vehicles, including vehicles not designed for travel on public roads or subject to registration;
- c. watercraft; or
- d. weapons.

We will not pay for **property damage**:

- a. to the extent of any amount payable under **Section I** of this policy; or
- b. caused intentionally by any **insured** who is 13 years of age or older.

SECTIONS I AND II – CONDITIONS

- 2. **CONCEALMENT OR FRAUD** is deleted. It is replaced by the following:
- 2. **Concealment Or Fraud**. We do not provide coverage for the **insured** who, whether before or after a loss, has:
 - a. intentionally concealed or misrepresented any material fact or circumstance; or
 - b. made false statements or engaged in fraudulent conduct relating to this insurance.

5. **Cancellation.** Paragraphs **a.** and **b.** are deleted and replaced by the following:

- a. You may cancel this policy at any time by returning it to us or by notifying us of the date cancellation is to take effect.
- b. we may cancel this policy subject to the provisions of this condition. We will notify you in writing of the date cancellation takes effect and the reason for cancellation. This cancellation notice may be delivered to you, or mailed to you at your last known address. A postal service certificate of mailing to you will be conclusive proof of notification on the fifth calendar day after mailing.
 - (1) When you have not paid the premium, whether payable to us or our agent or under any finance or credit plan, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
 - (2) When this policy has been in effect for less than 90 days at the time the notice of cancellation is received by you (less than 120 days if policy covers a secondary residence expected to be continuously unoccupied for 3 or more months in an annual period) and is not a renewal with us, we may cancel for any reason. Except as provided in **b.(1)** above, we will notify you at least 20 days before the date cancellation takes effect.
 - (3) When this policy has been in effect for 90 days or more at the time the notice of cancellation is received by you (120 days or more if policy covers a secondary residence expected to be continuously unoccupied for 3 or more months in an annual period), or at any time if it is a renewal with us, we may cancel for one or more of the following reasons by notifying you at least 20 days before the date cancellation takes effect:
 - (a) Your conviction of a crime having as one of its necessary elements an act increasing any hazard insured against;
 - (b) Fraud or material misrepresentation by you or your representative in obtaining this policy;
 - (c) Fraud or material misrepresentation by you in pursuing a claim under this policy;
 - (d) Grossly negligent acts or omissions by an **insured** which substantially

increase any hazard insured against;

- (e) Physical changes in the insured property which result in the property becoming uninsurable;
- (f) The insured property is vacant and custodial care is not maintained on the property;
- (g) A trampoline which remains on the insured property for 30 days or more after the date of notice you receive from us notifying you of our intent to cancel the policy if it is not removed;
- (h) An unfenced or improperly fenced swimming pool which remains on the insured property for 30 days or more after the date of notice you receive from us notifying you of our intent to cancel the policy if it is not removed or fenced as required by law;
- (i) A loss caused by a dog bite and the dog whose bite caused the loss remains after you receive from us our notice of policy cancellation or nonrenewal;
- (j) Your failure to comply with reasonable loss control recommendations within 90 days after you receive notice of the loss control recommendations from us; or
- (k) Violation of the terms or conditions of the policy.

6. **NON-RENEWAL** is deleted. It is replaced by the following:

6. **Nonrenewal.**

We may elect not to renew this policy. We may do so by notifying you in writing at least 30 days before:

- a. the expiration date of the policy, for a policy written for a term of one year or less; or
- b. the anniversary date of the policy, for a policy written for a term of more than one year or for an indefinite term.

This nonrenewal notice may be delivered to you or mailed to you at your last known address. A post office department certificate of mailing to you will be conclusive proof of notification on the third calendar day after mailing. The nonrenewal notice will contain our reason for nonrenewal.

**LIMITATION OF LIABILITY – INSURANCE
INSPECTION SERVICES**

THE FOLLOWING LIMITS OUR LIABILITY:

We, the insurance company, our agents, employees, or service contractors, are not liable for damages from injury, death or loss occurring as a result of any act or omission in the furnishing of or the failure to furnish insurance inspection services related to, in connection with or incidental to the issuance or renewal of a policy of property or casualty insurance.

This exemption from liability does not apply:

1. If the injury, loss or death occurred during the actual performance of inspection services and was proximately caused by our negligence, or by

the negligence of our agents, employees or service contractors;

2. To any inspection services required to be performed under the provisions of a written service contract or defined loss prevention program;
3. In any action against us, or agents, employees, or service contractors for damages proximately caused by our acts or omissions which are determined to constitute a crime, actual malice or gross negligence; or
4. If we fail to provide this written notice to the **insured** whenever a policy is issued or when new policy forms are issued upon renewal.

All other provisions of this policy apply.