

Under **DEFINITIONS**, the following definitions are added to your policy. These definitions will apply regardless of whether the term or word is set off by quote marks in the policy.

"Actual cash value" means the replacement cost of covered property at the time of loss, less the value of "physical depreciation" as to the damaged property.

"Contamination" means the actual, perceived, or suspected existence, presence, proliferation, spread, discharge, dispersal, seepage, expulsion, ejection, emission, migration, release or escape of "noxious substances", "fungi", radioactive matter or "pathogens" on, to, or in land, water, air, buildings, structures or personal property, either on or off the "residence premises", which may harm or injure the property or its usefulness or characteristics, or on, to or in any person.

"Fungi" or "fungus" means any part or form of "fungus", "fungi", mold, mildew, spores, parasitic microorganisms, mycelial agent or fragment, scents, or mycotoxins. This includes any byproduct of any of the foregoing, whether germinated, whether forming a colony or infestation, whether aerosolized, and whether visible or not visible to the unaided human eye. References to mold in the policy will mean this definition.

"Noxious substance" means any foul or contaminating solid, liquid, vaporous, gaseous or thermal substance which may cause or result in harm, damage or injury to covered property, the "residence premises" or any other property or which may be an irritant or nuisance.

"Noxious substances" include by way of example but are not limited to asbestos, silica, radon, fumes, odors, smoke from tobacco products, acids, alkalis, chemicals, carbon monoxide, polychlorinated biphenyls (PCBs), solvents or waste, including any residual dust or other residuals, other than commonly available products found in a residential household which are normally used for cleaning or maintenance of the dwelling. Waste includes materials which are to be or have been recycled, reconditioned or reclaimed.

"Noxious substances" do not include lead or lead paint, oil, fuel, fuel oil, gasoline, or smoke or fumes from a hostile fire. A hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

"Pathogens" means any biological or microbial organism or substance which may cause or result in harm, destruction, damage, injury or disease to any living thing or to property. "Pathogens" include by way of example but are not limited to bacteria, bacterium, viruses, or any part or by-product of bacteria, bacterium or viruses, including bacterial or viral toxins.

"Physical depreciation" means a value as determined according to standard business practices.

"Plumbing system" means all water supply and distribution pipes, plumbing fixtures and traps, drainage and vent pipes, and building drains. This includes their respective joints, connections, receptors and potable water treating equipment and vents for same.

A "plumbing system" does not include any of the following:

1. A shower pan;
2. A roof drainage system, including by way of example but not limited to gutters, drain pipes and downspouts;
3. A sump or sump pump or sump-pump well or related equipment;

4. A septic tank, any part of a septic system or leach lines; or
5. That part of any system designed to remove or drain water away from a building or the "residence premises" which part is not within a building.

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including waste. Waste includes materials to be recycled, reconditioned or reclaimed.

"Pollutant" or "pollutants" does not mean smoke, soot or fumes from a fire caused by one or more of the Section **I** - Perils Insured Against.

"Remediate" - means to:

1.
 - a. Decontaminate, abate, treat, contain, isolate, remove, extract, clean, mitigate, neutralize, quarantine or detoxify;
 - b. Monitor, evaluate, detect, investigate, test or measure for;
 - c. Haul away or dispose of; or
 - d. Respond in any way to, or assess the effects of; any nuclear substance, "noxious substance", "pathogen", "fungus", or any "contamination", whether on or off the "residence premises"; or
2. Remove, restore or replace any land, water, air, building, structure or personal property which is threatened with or has been affected, damaged, infested or injured by "contamination".

"Vacancy" or "vacant" means:

1. No one is legally using the dwelling as a principal, habitual place of abode; and
2. A predominant amount of personal property has been removed or is absent from the dwelling.

A dwelling will be considered legally used only if it is with the knowledge and approval of the owner.

A dwelling under construction or being repaired because of damage otherwise covered under this policy will not be not considered "vacant" even if **1.** and **2.** apply. A dwelling is under construction when it is being erected as a new structure or when it is undergoing substantial improvements, renovations, remodeling or modifications and the construction results in substantial continuing activities by persons associated with the construction project at the premises during the relevant time periods. A recently purchased dwelling that is not under construction will be deemed "vacant" until legally occupied as a principal, habitual place of abode.

References to "vacancy" or "vacant" in the policy will mean this definition.

"Water - reverse flow" means the flow of water through any sewage, septic or drainage system, or a drain, drain line or drainage channel, or a sump or sump pump, or similar system on the premises, which is designed to drain or pump water away from the premises, when the flow of water is in the opposite or reverse direction from that which the system, drain line, channel, sump or pump was designed to drain or pump. A stoppage on the premises within any of the foregoing which stops the flow of water with a resulting backing up of the water is a backup and is not a "water-reverse flow".

Under **SECTION I - PROPERTY COVERAGES, C. Coverage C - Personal Property**, Item **4.c.(2)(a)** is deleted. It is replaced by the following:

4. Property Not Covered

c. "Motor vehicles"

- (2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:
 - (a) Used to service an "insured's" residence; or

Under **SECTION I - PROPERTY COVERAGES, E. Additional Coverages:**

Item **1. Debris Removal**, paragraph **a.** is deleted. It is replaced by the following:

a. We will pay your reasonable expense for the removal of:

- (1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss, or
- (2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

Debris removal does not include and we will not reimburse any expenses incurred by you or anyone acting on your behalf to:

- (1) "Remediate" any "contamination"; or
- (2) Remove, restore or replace any "contaminated" land, water, air, buildings, structures or personal property, either on or off the "residence premises".

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

Item **2. Reasonable Repairs** is deleted. It is replaced by the following:

2. Reasonable Repairs

We will pay the reasonable cost incurred by you for necessary repairs made solely to protect covered property from further damage if a Peril Insured Against causes the loss. This coverage does not increase the limit of liability that applies to the property being repaired.

Item **4. Fire Department Service Charge** is deleted. It is replaced by the following:

4. Fire Department Service Charge

We will pay up to \$500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against.

This coverage is additional insurance. No deductible applies to this coverage.

Item **6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money**, paragraph **c.** is deleted.

Item **8. Collapse**, paragraphs **b.(2)** and **(3)** are deleted.

Item **9. Glass or Safety Glazing Material**, paragraph **b.(2)** is deleted. It is replaced by the following:

- (2) On the "residence premises" if the dwelling has been "vacant" for more than 30 days immediately before the loss, except when the breakage results directly from earth movement as provided for in **a.(2)** above. A dwelling being constructed is not considered "vacant".

Item **11. Ordinance Or Law**, the second paragraph under paragraph **c.(2)** which defines "pollutants" is deleted. The following additional exclusions are added under paragraph **c.:**

- (3) The cost to repair, replace, rebuild, stabilize or otherwise restore land;
- (4) The increased cost to repair or rebuild the building or other structure until it is actually repaired or rebuilt;
- (5) Those increased costs to construct, renovate, repair, or remove that are a result of your failure to timely undertake repairs or rebuilding of damage;

- (6) The costs of demolition if you should fail to reasonably mitigate, repair or rebuild the loss or damage and as a result the building or other structure then becomes subject to demolition;
- (7) Those costs to comply with any building law that you were required to comply with before the covered damage and which building law you failed to comply with;
- (8) Those costs to comply with any building law that regulates the use of the building or other structure;
- (9) Those costs to conform, correct or remedy the undamaged part of the building or other structure to a building law; or
- (10) Those costs to conform, correct or remedy any original or subsequent construction, addition, modification, renovation or repair to the building or other structure which did not conform to a building law in effect when the construction, modification, renovation or repair was performed or the addition added.

Item **13. Post Judgment Interest** is added as follows:

13. Post Judgment Interest

We will pay, in accordance with Maine law, interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

This coverage is additional insurance. No deductible applies to this coverage.

Under **SECTION I - PERILS INSURED AGAINST, A. Coverage A - Dwelling And Coverage B - Other Structures:**

Item **2.c.(4)** is deleted. It is replaced by the following:

- (4) (a) Vandalism or malicious mischief if:
 - (i) The dwelling has been "vacant" beyond a period of 30 days; or
 - (ii) Committed by any person who is regularly residing at the "residence premises"; or
- (b) Arson if the dwelling has been "vacant" beyond a period of 60 consecutive days.

Item **2.c.(5)** is deleted.

Item **2.c.(6)(c)** is deleted. It is replaced by the following:

- (c) Smog, corrosion, decay, rust or wet or dry rot;

Item **2.c.(6)(e)**, the second paragraph which defines "pollutants" is deleted.

The **Exception To c.(6)** is deleted. It is replaced with the following:

Exception To c.(6)

Unless the loss is excluded by any other provision except **c.(6)**, we cover loss to property covered under Coverages **A** or **B** caused by a sudden and accidental discharge or overflow of water or steam, except a "water-reverse flow", from within a "plumbing system" or a heating, air conditioning or automatic fire protective sprinkler system or household appliance, if said system or appliance is on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises". For this exception to apply, the sudden and accidental discharge or overflow of water or steam must be caused by a section **2.c.(6)** peril.

We do not cover the system or appliance from which this water or steam escaped. We do not cover loss or damage to a foundation, slab, concrete floor, concrete pad or patio or to a foundation wall, foundation fill, or to pavement. This includes, but is not limited to, any resulting movement, settling, cracking, bulging, shrinking, heaving, erosion or expanding.

The following paragraphs are deleted:

Section **1** - Exclusion **A.3**. Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **c.(5)** and **(6)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

Under **SECTION I - PERILS INSURED AGAINST, B. COVERAGE C - PERSONAL PROPERTY:**

The following is added to item **8. Vandalism or Malicious Mischief:**

This peril does not apply:

- a.** If the dwelling or premises where the personal property was located has been "vacant" beyond a period of 30 days;
- b.** To arson if the dwelling or premises where the personal property was located has been "vacant" beyond a period of 60 consecutive days; or
- c.** If the vandalism or malicious mischief was committed by any person who is regularly residing at the premises where the personal property was located.

The following is added to item **9. Theft**, paragraph **b.:**

(5) If the dwelling or premises where the personal property was located has been "vacant" beyond a period of 30 days.

Item **12.** is deleted. It is replaced by the following:

12. Sudden and accidental discharge, eruption, overflow or release of water or steam, other than a "water-reverse flow", from within a "plumbing system" or a heating, air conditioning or automatic fire protective sprinkler system or household appliance.

This peril does not include loss:

- a.** To the system or appliance from which the water or steam escaped;
- b.** Caused by or resulting from freezing except as provided in **SECTION I - PERILS INSURED AGAINST, B. Coverage C - Personal Property, 14. Freezing**; or
- c.** On the "residence premises" caused by a sudden and accidental discharge or overflow which occurs off the "residence premises".

Item **14.b.** is deleted.

Under **SECTION I - EXCLUSIONS:**

Exclusion **A.1. Ordinance Or Law**, the second subparagraph under paragraph **c.** which defines "pollutants" is deleted.

Exclusion **A.2. Earth Movement** also means mine subsidence.

Exclusion **A.3. Water Damage** is deleted. It is replaced by the following:

3. Water Damage, meaning water from:

- a.** Rain, snow, sleet, flood, including debris flow and mudflow, any form of surface water, waves, tsunami, seiche, tidal water, tidal waves, storm surge or overflow or escape of a body of water, or spray from any of these, whether or not driven by wind;

- b. A "water-reverse flow";
- c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure; or
- d. A constant or repeating gradual, intermittent or slow discharge, seepage, leakage, trickle, collection, infiltration or overflow of water from any source, even if from the usage of any "plumbing system" or heating, air conditioning or automatic sprinkler system, or a household appliance;

all whether caused by or resulting from human or animal forces, or nature or man-made activities, conditions or events and whether known or unknown to any "insured".

Direct loss by fire, explosion or theft resulting from "water damage" is covered.

Exclusion **A.8. Intentional Loss** is deleted. It is replaced by the following:

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss.

Exclusion **A.10. "Fungus"** is added as follows:

10. "Fungus"

This exclusion includes the discharge, dispersal, migration, release or escape of any "fungi", whether combined with, caused by, or resulting from water or steam. This exclusion applies whether "fungus" occurs naturally to cause a loss or combines with acts or omissions of persons to cause loss.

We do not insure loss consisting of, composed of or which is "fungi", however caused, unless if the "fungi" is caused by fire or lightning. Further, we do not insure any "remediation" or provide any Loss of Use or any Additional Coverage for expenses directly or indirectly due to, arising out of or resulting from "remediation" of "fungi".

However, we do provide the following limited coverage for direct physical loss to covered property by "fungi" and "remediation" of "fungi" or damage which is "fungi", but only if the "fungi" is directly caused by a peril covered under this policy.

Limit of Insurance. Except for direct loss caused by fire or lightning, our total aggregate limit of insurance for all covered loss by "fungi" and "remediation" of "fungi" or damage which is "fungi" during any one annual policy period, regardless of the number of loss events, is \$5,000. Other than covered loss by "fungi" and costs to "remediate" the covered "fungi" and damage which is "fungi", the costs to repair or replace covered property directly damaged by a covered peril is not subject to this limitation. This limit includes loss by "fungi" or which is "fungi" under Coverage **A** - Dwelling, Coverage **B** - Other Structures, Coverage **C** - Personal Property, Coverage **D** - Loss of Use, and any other coverage provided under Section **I** - Property Coverages, **E**. Additional Coverages.

This is not additional insurance. It does not increase the applicable limits of liability for Coverage **A** -Dwelling, Coverage **B** - Other Structures, Coverage **C** - Personal Property or Coverage **D** - Loss of Use, or any other applicable limit of insurance. "Remediation" costs include the reasonable and necessary costs to tear out and replace any part of the dwelling or other structure needed to gain access to the "fungi".

Exclusion **A.11. Faulty, Inadequate, Defective or Incomplete** is added as follows:

11. Faulty, Inadequate, Defective or Incomplete

Faulty, inadequate, defective or incomplete planning, zoning, development, surveying, siting, engineering, design, specifications, workmanship, maintenance, servicing, repairs, manufacture, construction, grading, compaction, or materials, all whether as a cause of damage or as a failure to prevent damage, that is for, used in or is part of a method or process involving any type of personal property owned or used by an "insured" or any type of real property (including land or any improvements) whether or not the real property is owned or used by an "insured".

This exclusion applies whether or not:

- a. The activity is by an "insured" or by any person, group, organization or governmental body;
- b. An "insured" knew of or approved the activity;
- c. The property is on or off the "residence premises";
- d. The property is insured under this policy;
- e. The activity involves a flawed quality inherent in property itself or involves a flawed process, method or procedure in producing property or which affects property;
- f. The activity being performed on one item of property damages another item of the same or different property in the process; or
- g. The activity damages one aspect or part of property and another aspect or part of the same or different property becomes flawed as a result.

Exclusion **A.12. "Contamination"** is added as follows:

12. "Contamination"

"Contamination", however caused. Further, we do not insure any "remediation" or provide any coverage under Loss of Use or any Additional Coverage, directly or indirectly due to, arising out of, or resulting from "contamination". The physical presence of "fungi", or "pathogens" or a "noxious substance" on that part of covered property which must be repaired or replaced because of covered damage by water will not result in the exclusion of such covered damage.

Exclusion **B.3.** is deleted.

Under **SECTION I - CONDITIONS:**

Condition **B. Duties After Loss**, paragraphs **4., 5.,** and **7.** are deleted. They are replaced by the following:

4. Protect the property from further damage. If repairs to the property are required, you must:
 - a. Make reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage. See Section **I - Conditions**, **S. Emergency Services** following. Failure to perform emergency repairs or loss mitigation may result in continuing or secondary damages which may not be covered under this policy; and
 - b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of the loss and our verification of any repairs or replacement of the damaged property;

7. As often as we reasonably require:

- a. Exhibit the damaged property or provide us and our representatives access to the damaged property in order to, among other things, determine the types of loss or damage and the extent and cause thereof, and costs of repair or replacement;
- b. Provide us with records, documents and other information we may request. Permit us to make copies. This includes by way of example but not limited to banking records, asset, debt and income information, records and documents, credit history and other financial records, prior insurance losses with us or other insurers, or receipts for property damaged, if obtainable;
- c. Allow us to take samples of damaged property for inspection, testing and analysis;
- d. Submit to an examination under oath by us at such times and places as we reasonably designate. We may require the examinations to be conducted separately and apart from any other person defined as you or "insured". Each examinee must sign a transcript of his or her examination. Submission to a requested examination(s) under oath is a condition precedent to recovery under this policy. Our denial of your claim shall not act as a waiver of our right to examination under oath; and
- e. Produce representatives, employees, members of your household or others for interviews or examinations under oath to the extent it is within your power to do so; and

Condition **C. Loss Settlement**, paragraph **2.a.(2)** is deleted. It is replaced by the following:

(2) The replacement cost of that part of the building damaged with material of like kind and quality; or

In addition, the following is added to the end of paragraph **2.:**

We will only settle covered loss on the basis of use as a private residence.

Condition **I. Loss Payment** is deleted. It is replaced by the following:

I. 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:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

Condition **K. Mortgage Clause**, the following paragraphs are added:

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 a 10-day 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 and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit.

If this Company shall 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.

Condition **K. Mortgage Clause**, paragraph **3**. is deleted. It is replaced by the following:

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified with the same number of days notice as the Cancellation or Nonrenewal provisions of this policy.

Condition **M. Nuclear Hazard Clause**, paragraph **3**. is deleted. It is replaced by the following:

3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard.

Condition **Q. Concealment Or Fraud** is deleted.

Condition **S. Emergency Services** is added:

S. Emergency Services

In the event your covered property sustains covered loss or damage, you should protect the property from further damage. You should make any reasonable and necessary emergency repairs or perform loss mitigation needed to protect the property from further damage (hereinafter "emergency services"). We will reimburse the necessary, reasonable costs you incur on an emergency basis to mitigate further damage from the covered event.

If you undertake emergency repairs or services, you must give prompt notice to us or our agent without unnecessary delay and exhibit the damaged property or provide us and our representative access to the damaged property so that we may, among other things, determine the types of loss or damage and the extent and cause thereof, and reasonable costs of repair or replacement, if covered. This is not additional insurance. Expenses incurred for emergency services are subject to the applicable Coverage **A**, **B** or **C** stated limit and any Special Limits of Liability that apply to the property. Emergency services do not include mitigation or abatement of uninsured types of loss or damage, including by way of example but not limited to "remediation" of any nuclear substance, "fungi", "noxious substance", "pathogen", or any "contamination".

If you report loss or damage to covered property and if you have not already performed reasonably necessary emergency services, we may at our sole discretion assist you in obtaining such emergency services prior to our determination as to whether the loss or damage is covered under this policy. Although we are not obligated to do so, we may advise you of or we may dispatch an independent contractor to perform such emergency services. However, you are responsible for contracting for such emergency services with the independent contractor. You have the right to reject the independent contractor providing such emergency services at any time. The provision of such emergency services will not prejudice our right to later deny coverage for any loss or damage.

It is solely your responsibility to direct or manage the activities of any independent contractor providing emergency services. We make no representation as to the skill or experience of any independent contractor. We do not warrant the workmanship of any independent contractor. We are not responsible for the acts or failures to act of any independent contractor. We do not assume liability for injuries sustained by you or any other person resulting from or arising from any repair, attempted repair or from any loss mitigation.

Condition **T. Changed Information** is added:

T. Changed Information

You agree that if any information we use to rate or underwrite about the "residence premises" changes or is determined by you or us to be incorrect or incomplete, including but not limited to information pertaining to whether you qualify for any discounts, we may, during the policy period, re-underwrite this insurance, including adjusting coverage and/or premium.

Under **SECTION II - LIABILITY COVERAGES, A. Coverage E - Personal Liability**, paragraph **1.** is deleted. It is replaced by the following:

- 1.** Pay up to our limit of liability for the damages for which an "insured" is legally liable; and

Under **SECTION II - EXCLUSIONS:**

Under **E. Coverage E - Personal Liability And Coverage F - Medical Payments To Others:**

Exclusion **1. Expected Or Intended Injury** is deleted. It is replaced by the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is intended or reasonably expected by an "insured" even if the resulting "bodily injury" or "property damage":

- a.** Is of a different kind, quality or degree than a reasonable person would have expected or intended; or
- b.** Is sustained by a different person, entity, real or personal property, than a reasonable person would have expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property.

Under **SECTION II - EXCLUSIONS, F. Coverage E- Personal Liability:**

Exclusion **F.6.** is deleted. It is replaced by the following:

- 6.** "Bodily injury" to you or to any son or daughter of yours, if a resident of your household.

This exclusion also applies to any claim made or suit brought against you or any son or daughter of yours, if a resident of your household:

- (1)** To repay; or
- (2)** Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to any son or daughter of yours, if a resident of your household.

Exclusions **F.7.** and **F.8.** are added:

- 7.** "Bodily injury" or "property damage" caused by, resulting from, or in connection with or arising from any radioactive material, "noxious substance" or "pathogen", all whether or not combined with, caused by or resulting from water.

This exclusion includes by way of example but is not limited to:

- a.** The actual, alleged or threatened discharge, dispersal, seepage, release, migration, trespass or escape of any radioactive material, "noxious substance" or "pathogen":
 - (1)** From any premises, site or location; or
 - (2)** During transportation, handling, storage, treatment, disposal or processing;
- b.** "Contamination" or "remediation";
- c.** Any supervision, instruction, disclosure, failure to disclose, recommendation, warning;
- d.** Advice given or which allegedly should have been given, in connection with any radioactive material, "noxious substance" or "pathogen" or "remediation" activities;
- e.** Any claim of nuisance concerning or related to any radioactive material, "noxious substance" or "pathogen";

- f. All costs, expenses or damages arising out of any order, claim, suit or threat of liability by or on behalf of a governmental authority or any other person or entity for injury, damages or injunctive relief because of or arising out of "contamination" or for "remediation";
- g. Anguish, distress, or fear of any person of "bodily injury" or "property damage" which may be caused by, arise out of or result from alleged, actual or threatened infection with, exposure to, absorption of or "contamination" by or with any radioactive material, "noxious substance" or "pathogen";
- h. Actual, alleged, constructive or threatened diminution or loss of value of any property from the actual or alleged presence of any radioactive material, "noxious substance" or "pathogen" including by way of example but not limited to loss of equity, loss of rents, loss of use or feared or actual economic loss; or
- i. Sums an "insured" is required to expend in equity for or relief from "bodily injury" or "property damage".

This exclusion applies whether radioactive material, a "noxious substance" or a "pathogen" was used legally, normally or intentionally for the purpose for which it was intended, whether it has any function with respect to your property, whether it was a localized event and whether its use was confined within the general area of its intended use; or

- 8. "Bodily injury" or "property damage" resulting from, arising from, or in connection with property you or any "insured" has sold or transferred. By way of example, this includes but is not limited to:
 - a. Known or unknown property or structural defects;
 - b. Known or hidden defects in the plumbing, heating, air conditioning or electrical systems;
 - c. Known or unknown soil conditions or drainage problems;
 - d. Concealment or misrepresentation of known defects;
 - e. "Contamination" by any substance; or
 - f. Any written or oral statement made by you or others on your behalf which is material to the sale or transfer of the property.

Under **SECTION II - ADDITIONAL COVERAGES, A. Claim Expenses**, paragraph 5. is added as follows:

- 5. Prejudgment interest awarded against an "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.

Under **SECTION II - CONDITIONS**:

Condition **A. Limit of Liability** is deleted. It is replaced by the following:

- 1. Except as provided at paragraph 2. following, 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. 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".
- 2. Our total aggregate limit of liability under Coverage **E** for all damages during any one annual policy period, regardless of the number of loss events, involving damage caused by, resulting from, in connection with or arising from "fungus" is \$5,000. This is not additional insurance and this limit on "fungus" damage is part of the Coverage **E** limit of liability. This will not increase the Coverage **E** limit of liability for any one "occurrence".

3. 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 Coverage **F** limit of liability shown in the Declarations.

Condition **J. Concealment Or Fraud** is deleted.

Under **SECTIONS I AND II - CONDITIONS:**

Condition **C. Cancellation**, paragraphs **1.** and **2.** are deleted. They are replaced by the following:

1. You may cancel this policy at any time by returning it to us or by letting us know the date cancellation is to take effect.
2. We may cancel this policy subject to the provisions of this condition by notifying 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.
 - a. 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.
 - b. When this policy has been in effect for less than 90 days (less than 120 days if policy covers a secondary residence expected to be continuously unoccupied for three or more months in an annual period) and is not a renewal with us, we may cancel for any reason. Except as provided in Paragraph **2.a.** above, we will let you know at least 20 days before the date cancellation takes effect.
 - c. When this policy has been in effect for 90 days or more (120 days or more if policy covers a secondary residence expected to be continuously unoccupied for three 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 letting you know at least 20 days before the date cancellation takes effect:
 - (1) Your conviction of a crime having as one of its necessary elements an act increasing any hazard insured against;
 - (2) Fraud or material misrepresentation by you or your representative in obtaining this policy, including a failure to disclose a material fact during the application process that if known by us, would have substantially altered the terms of the policy;
 - (3) Fraud or material misrepresentation by you in pursuing a claim under this policy;
 - (4) Negligent acts or omissions by an "insured" which substantially increase any hazard insured against;
 - (5) Physical changes in the insured property which result in the property becoming uninsurable;
 - (6) The insured property is "vacant" and custodial care is not maintained on the property;
 - (7) 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;
 - (8) 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;
 - (9) 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; or
 - (10) Your failure to comply with reasonable loss control recommendations within 90 days after you receive notice of the loss control recommendations from us.

Condition **D. Nonrenewal** is deleted. It is replaced by the following:

D. Nonrenewal

We may elect not to renew this policy or to condition renewal on an increase or reduction of one or more limits of liability or other limits of insurance, or an increase, reduction or elimination of coverages.

If we elect not to renew this policy, we will let you know in writing at least 30 days before:

1. The expiration date of the policy, for a policy written for a term of one year or less; or
2. 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, together with our reason for nonrenewal, 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.

If we elect to offer to renew this policy, including offering to renew but conditioning renewal as indicated above, we will mail or deliver a written offer to you in accordance with applicable state law. The mailing of it will be sufficient proof of notice. This policy will automatically terminate at the end of the policy period if you do not accept our offer to renew it. Your failure to pay the required renewal premium as we require means that you have declined our offer.

Condition **F. Subrogation**, the following paragraph is added:

If we pay an "insured" for a loss caused by another "insured" who intentionally commits, or directs another to commit, any act that causes a loss, the rights of the "insured" to recover damages from the "insured" who intentionally committed, or directed another to commit, such an act are transferred to us to the extent of our payment. The "insured" who we paid may not waive such rights.

Condition **H. Concealment Or Fraud** and **I. Reciprocal Provisions** are added:

H. Concealment Or Fraud

We do not provide coverage for the "insured" who, whether before or after a loss has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made material false statements;

relating to this insurance.

I. Reciprocal Provisions

This policy is made and issued in consideration of your premium payment to us. It is also issued in consideration of the information you gave to us during the application process, some of which is set out in the policy Declarations, and in consideration of the Subscription Agreement, which is provided to you and incorporated herein by reference. You acknowledge that you have read, understood and agree to all the terms and conditions of the Subscription Agreement. Among other things, the Subscription Agreement appoints your Attorney-in-Fact, authorizes your Attorney-in-Fact to execute interinsurance policies between you and other subscribers and to perform various functions, and addresses compensation of the Attorney-in-Fact.

Nothing in this policy is intended, or shall be construed, to create either:

1. A partnership or mutual insurance association; or
2. Any joint liability.

We may sue or be sued in our own name, as though we were an individual, if necessary to enforce any claims which arise under this policy. In any suit against us, service of process shall be upon the Attorney-in-Fact as shown in your Subscription Agreement.

We hold the Annual Meeting of the members of the Truck Insurance Exchange at our Home Office at Los Angeles, California, on the first Tuesday following the first Monday following the 15th day of March of each year at 2:00 p.m.

The Board of Governors ("Board") may elect to change the time and place of the meeting. If they do so, you will be mailed a written or printed notice at your last known address at least ten (10) days before such a time. Otherwise, no notice will be sent to you.

The Board shall be chosen by subscribers from among yourselves. This will take place at the Annual Meeting or at any special meeting which is held for that purpose. The Board shall have full power and authority to establish such rules and regulations for our management as are not inconsistent with the subscribers agreements.

Your premium for this policy and all payment made for its continuance shall be payable to us at our Home Office or such location named by us in your premium notice.

The funds which you pay shall be placed to your credit on our records. They will be applied to the payment of your proportion of losses and expenses and to the establishment of reserves and general surplus. The Board or its Executive Committee has the authority to deposit, withdraw, invest and reinvest such funds. You agree that any amount which the Board allocates to our surplus fund may be retained by us. Also, after provision is made for all of our liabilities, it may be applied to any purpose deemed proper and advantageous to you and other policyholders.

This policy is non-assessable.

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 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, our 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 the policy is issued or when new policy forms are issued upon renewal.

All other provisions of this policy apply.