

Exclusions Continued

owned buildings after a "Flood" in compliance with State or local floodplain management ordinances or laws.

- m. Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the 80 percent insurance-to-value requirement for "Replacement Cost" coverage as set forth in **Conditions, Loss Settlement**.

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

IV. PROPERTY NOT COVERED

We do not cover any of the following property:

1. Personal property not inside the fully enclosed "Building";
2. A "Building", and personal property in it, located entirely in, on, or over water;
3. Open structures, including a "Building" used as a boathouse or any structure or "Building" into which boats are floated, and personal property located in, on, or over water;
4. Recreational vehicles other than travel trailers described in the Definitions section (see II.B.6.c.) whether affixed to a permanent foundation or on wheels;
5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:
 - a. Used mainly to service the described location or
 - b. Designed and used to assist handicapped persons, while the vehicles or machines are inside a "Building" at the described location;
6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals;
7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;
8. Underground structures and equipment, including wells, septic tanks, and septic systems;
9. Those portions of walks, walkways, decks, driveways, patios and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured "Building" or the "Building" in which the insured "Unit" is located;
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
11. Buildings or units and all their contents if more than 49% of the actual cash value of the "Building" is below ground, unless the lowest level is at or above the base flood elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;
12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks;
13. Aircraft or watercraft, or their furnishings and equipment;
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment, such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;
15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act of 1990 and amendments to these Acts;
16. Personal property used in connection with any incidental commercial occupancy or use of the "Building".

V. EXCLUSIONS

Economic Loss

We only provide coverage for “Direct Physical Loss by or From Flood”, which means that we do not pay you for:

1. Loss of revenue or profits;
2. Loss of access to the insured property or “Described Location”;
3. Loss of use of the insured property or “Described Location”;
4. Loss from interruption of business or production;
5. Any additional living expenses incurred while the insured “Building” is being repaired or is unable to be occupied for any reason;
6. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities that we describe in **Flood Coverage D – Increased Cost of Compliance**; or
7. Any other economic loss.

“Flood” in Progress

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

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

Earth Movement

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

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

We do, however, pay for losses from “Mudflow” and land subsidence as a result of erosion that are specifically covered under our definition of “Flood” (see **Definitions, “Flood”, a.(3), and b.**).

Other Exclusions

We do not insure for direct physical loss caused directly or indirectly by:

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

**Other Exclusions
Continued**

(2) Failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or

(3) Failure to inspect and maintain the property after a "Flood" recedes;

5. Water or waterborne material that:

a. Backs up through sewers or drains;

b. Discharges or overflows from a sump, sump pump, or related equipment; or

c. Seeps or leaks on or through the covered property; unless there is a "Flood" in the area and the "Flood" is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or seepage of water;

6. The pressure or weight of water unless there is a "Flood" in the area and the "Flood" is the proximate cause of the damage from the pressure or weight of water;

7. Power, heating, or cooling failure unless the failure results from "Direct Physical Loss by or From Flood" to power, heating, or cooling equipment on the "Described Location";

8. Theft, fire, explosion, wind, or windstorm;

9. Anything you or any member of your household do or conspire to do to cause loss by "Flood" deliberately; or

10. Alteration of the insured property that significantly increases the risk of flooding.

We do not pay for the testing for or monitoring of pollutants unless required by law or ordinance.

VI. DEDUCTIBLE

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

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

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

VII. COINSURANCE

This Coinsurance Section applies only to coverage on the "Building". We will impose a penalty on the loss payment unless the amount of the insurance applicable to the damaged "Building" is:

1. At least 80% of its "Replacement Cost"; or
2. The maximum amount of insurance for that "Building" under the "PFIP", whichever is less.

If the actual amount of insurance on the building is less than the required amount in accordance with the terms of **VII.2.** above, then loss payment is determined as follows (subject to all other relevant conditions in this policy, including those pertaining to valuation, adjustment, settlement, and payment of loss):

- a. Divide the actual amount of insurance carried on the "Building" by the required amount of insurance.
- b. Multiply the amount of loss, before application of the deductible, by the figure determined in **a.** above.

- c. Subtract the deductible from the figure determined in **b.** above.

We will pay the amount determined in **c.** above, or the amount of insurance carried, whichever is less. The amount of insurance carried, if in excess of the applicable maximum amount of insurance available under the "PFIP", is reduced accordingly.

In calculating the full "Replacement Cost" of a "Building":

1. The "Replacement Cost" value of any covered "Building" property will be included;
2. The "Replacement Cost" value of any "Building" property not covered under this **Policy** will not be included; and
3. Only the "Replacement Cost" value of "Improvements" installed by the "Condominium Association" will be included.

VIII. CONDITIONS

Pairs and Sets	<p>In case of loss to an article that is part of a pair or set, we will have the option of paying you:</p> <ol style="list-style-type: none"> 1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation; or 2. The amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.
Concealment or Fraud and Policy Voidance	<ol style="list-style-type: none"> 1. With respect to all "Named Insured(s)" under this Policy, we will provide no coverage for loss under this Policy, and this Policy: <ol style="list-style-type: none"> a. Is void; b. Has no legal force or effect; c. Cannot be renewed; and d. Cannot be replaced by a new "PFIP" Policy; <p>if, before or after a loss, you or any other "Named Insured" or your agent have at any time:</p> <ol style="list-style-type: none"> a. Intentionally concealed or misrepresented any material fact or circumstance; b. Engaged in fraudulent conduct; or c. Made false statements relating to this Policy or any other insurance provided by the "Insurer". 2. This Policy will be void as of the date the wrongful acts described above were committed. 3. Fines, civil penalties, and imprisonment under applicable Federal and State laws may also apply to the acts of fraud or concealment described above. 4. This Policy is also void for reasons other than fraud, misrepresentation, or wrongful act. This Policy is void from its inception and has no legal force if the property listed on the application is not otherwise eligible for coverage under the "PFIP".
Other Insurance	<p>If a loss covered by this Policy is also covered by other insurance that includes flood coverage not issued under the "Act" and flood coverage issued under the "Act", we will not pay more than the amount of insurance that you are entitled to for lost, damaged or destroyed property insured under this policy subject to the following:</p>

**Other Insurance
Continued**

1. We will pay only the proportion of the loss that the amount of insurance that applies under this **Policy** bears to the total amount of insurance covering the loss, unless **2** or **3**. immediately below applies.
2. If the other policy has a provision stating that it is excess insurance, this **Policy** will be primary.
3. This **Policy** will be primary (but subject to its own deductible) up to the deductible in the other "Flood" policy (except another policy as described in **2**. Above). When the other deductible amount is reached, this **Policy** will participate in the same proportion that the amount of insurance under this **Policy** bears to the total amount of both policies, for the remainder of the loss.
4. If there is other insurance in the name of a "Unit" owner that covers the same loss as this **Policy**, then this **Policy** will be primary.

**Amendments, Waivers,
Assignment**

This **Policy** cannot be changed nor can any of its provisions be waived or assigned without our express written consent. No action that we take under the terms of this **Policy** constitutes a waiver of any of our rights. You may assign this **Policy** in writing when you transfer title of your property to someone else except under these conditions:

1. When this Policy covers only personal property; or
2. When this Policy covers a structure during the course of construction.

**Cancellation and Non-
Renewal**

Cancellation of Policy by You

You may void this **Policy** at any time prior to the **Policy** effective date. On or after the **Policy** effective date, this **Policy** may be cancelled only for a valid and documented "Cancellation" reason as listed below:

1. "Building" sold or removed.
2. **Policy** cancelled and rewritten to establish a common expiration date with other insurance coverage.
3. Property closing did not occur.
4. **Policy** not required by mortgagee.
5. Insurance no longer required by mortgagee because property is no longer in a "Special Flood Hazard Area" because of physical map revision or the structure has been removed from the "Special Flood Hazard Area" by means of letter of map amendment (LOMA) or letter of map revisions (LOMR).
6. Mortgage paid off.
7. Insurance no longer required based on FEMA review of lender's "Special Flood Hazard Area" determination.
8. Cancel/rewrite due to misrating, map revision, LOMA or LOMR.

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

Nullification of the Policy by Us

We may nullify this **Policy** if:

1. Your check or ACH payment is returned for non-sufficient funds or is rejected;
2. Your credit card payment is rejected or disputed;
3. If premium is not received within 30 days of the **Policy** inception date;
4. You do not acquire an insurable interest the property covered by this **Policy**;

Cancellation and Non-Renewal Continued

5. We determine that the property is ineligible for coverage under this **Policy**.

The effective date of nullification is the **Policy** effective date. If the **Policy** is nullified, we will send you any premium refund due. The nullification will be effective even if we have not made or offered a refund.

Cancellation of the Policy by Us

We may cancel this **Policy** by mailing or delivering to you written notice of cancellation at least 45 days before the effective date of cancellation if we cancel for any reason permissible under applicable law, notwithstanding the provisions in the section **Nullification of the Policy by Us** above.

The notice of "Cancellation" will state the effective date of "Cancellation". The **Policy** period will end on that date.

If the **Policy** is cancelled, we will send you any premium refund due. The "Cancellation" will be effective even if we have not made or offered a refund. Proof of mailing to your last mailing address known to us will be sufficient proof of notice.

Nonrenewal of the Policy by Us

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

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

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

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

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

Proof of mailing will be sufficient proof of notice. Failure to pay the renewal premium prior to the expiration date will result in an expiration of this **Policy**. The renewal **Policy** may be reinstated if payment of the entire renewal premium and a statement of no loss is received within 30 days of the renewal **Policy** effective date.

In connection with the renewal of this **Policy**, we may ask you during the **Policy** term to re-certify the rating information used to rate your most recent "Application" for or renewal of insurance.

1. If the premium we received from you was not enough to buy the kind and amount of coverage you requested, we will provide only the amount of coverage that can be purchased for the premium payment we received.
2. The **Policy** can be reformed to increase the amount of coverage resulting from the reduction described in 1. Immediately above to the amount you requested as follows:
 - a. Discovery of Insufficient Premium or Incomplete Rating Information Before a Loss.
 - (1) If we discover before you have a "Flood" loss that your premium payment was not enough to buy the requested amount of coverage, we

Renewal Notification

Reduction and Reformation of Coverage

**Reduction and
Reformation of
Coverage Continued**

will send you and any mortgagee or trustee known to us a bill for the required additional premium for the current **Policy** term (or that portion of the current **Policy** term following any endorsement changing the amount of coverage). If you or the mortgagee or trustee pay the additional premium within 30 days from the date of our bill, we will reform the **Policy** to increase the amount of coverage to the originally requested amount effective to the beginning of the current **Policy** term (or subsequent date of any endorsement changing the amount of coverage).

(2) If we determine before you have a “Flood” loss that the rating information we have is incomplete and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information within 60 days of our request. Once we determine the amount of additional premium for the current **Policy** term, we will follow the procedure in **2.a.(1)** above.

(3) If we do not receive the additional premium (or additional information) by the date it is due, the amount of coverage can only be increased by endorsement subject to any appropriate waiting period.

b. Discovery of Insufficient Premium or Incomplete Rating Information After a Loss.

(1) If we discover after you have a “Flood” loss that your premium payment was not enough to buy the requested amount of coverage, we will send you and any mortgagee or trustee known to us a bill for the required additional premium for the current and the prior **Policy** terms. If you or the mortgagee or trustee pay the additional premium within 30 days from the date of our bill, we will reform the **Policy** to increase the amount of coverage to the originally requested amount effective to the beginning of the prior **Policy** term.

(2) If we discover after you have a “Flood” loss that the rating information we have is incomplete and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information before your claim can be paid. Once we determine the amount of additional premium for the current and prior **Policy** terms, we will follow the procedure in **2.b.(1)** above.

(3) If we do not receive the additional premium by the date it is due, your “Flood” insurance claim will be settled based on the reduced amount of coverage. The amount of coverage can only be increased by endorsement subject to any appropriate waiting period.

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

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

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

1. Give prompt written notice to us or our agent;

**Conditions Suspending
or Restricting “Flood”
Insurance
Duties After Loss**

**Duties After Loss
Continued**

2. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that we may examine it;
3. Prepare an inventory of damaged personal property showing the quantity, description, age, "Actual Cash Value", and amount of loss. Attach all bills, receipts, and related documents that justify the figures in the inventory;
4. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the **Policy** signed and sworn to by you, and which furnishes us with the following information:
 - a. The date and time of loss;
 - b. A brief explanation of how the loss happened;
 - c. Your interest (for example, "owner") and the interest, if any, of others in the damaged property;
 - d. Details of any other insurance that may cover the loss;
 - e. Changes in title or occupancy of the covered property during the term of the **Policy**;
 - f. Specifications of damaged buildings and detailed repair estimates;
 - g. Names of mortgagees or anyone else having a lien, charge, or claim against the covered property;
 - h. Details about who occupied any insured "Building" at the time of loss and for what purpose; and
 - i. The inventory of damaged personal property described in **3.** above.
5. In completing the proof of loss, you must use your own judgment concerning the amount of loss and justify that amount.
6. You must cooperate with the adjuster or representative in the investigation of the claim.
7. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.
8. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim,
9. At our option, we may accept the adjuster's report of the loss instead of your proof of loss. The adjuster's report will include information about your loss and the damages you sustained. You must sign the adjuster's report. At our option, we may require you to swear to the report.

**Our Options After a
Loss**

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

1. At such reasonable times and places that we may designate, you must:
 - a. Show us or our representative the damaged property;
 - b. Submit to examination under oath, while not in the presence of another "Named Insured" or your spouse (if a resident of the same household), and sign the same; and
 - c. Permit us to examine and make extracts and copies of:

Our Options After a Loss Continued

- (1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;
 - (2) "Condominium Association" documents including the Declarations of the "Condominium", its Articles of Association or Incorporation, Bylaws, rules and regulations; and
 - (3) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.
2. We may request, in writing, that you furnish us with a complete inventory of the lost, damaged, or destroyed property, including:
 - a. Quantities and costs;
 - b. "Actual Cash Value" or "Replacement Cost" (whichever is appropriate);
 - c. Amounts of loss claimed;
 - d. Any written plans and specifications for repair of the damaged property that you can reasonably make available to us; and
 - e. Evidence that prior "Flood" damage has been repaired.
 3. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:
 - a. Repair, rebuild, or replace any part of the lost, damaged, or destroyed property with material or property of like kind and quality or its functional equivalent; and
 - b. Take all or any part of the damaged property at the value we agree upon or its appraised value.

No Benefit to Bailee

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

Loss Payment

1. We will adjust all losses with you. We will pay you unless some other person or entity is named in the **Policy** or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files an adjuster's report signed and sworn to by you in lieu of a proof of loss) and:
 - a. We reach an agreement with you;
 - b. There is an entry of a final judgment; or
 - c. There is a filing of an appraisal award with us, as provided in **Conditions, Appraisal**.
2. If we reject your proof of loss in whole or in part, you may:
 - a. Accept our denial of your claim;
 - b. Exercise your rights under this **Policy**; or
 - c. File an amended proof of loss, as long as it is filed within 60 days of the date of the loss.

Abandonment

You may not abandon to us damaged or undamaged property insured under this **Policy**.

Salvage

We may permit you to keep damaged insured property after a loss, and we will reduce the amount of the loss proceeds payable to you under the **Policy** by the value of the salvage.

Appraisal

If you and we fail to agree on the "Actual Cash Value" or, if applicable, "Replacement Cost" of your damaged property to settle upon the amount of loss, then either may

Appraisal Continued

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

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

Mortgage Clause

The word "mortgagee" includes trustee.

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

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

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

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

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

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

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

Suit Against Us

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

Subrogation

Whenever we make a payment for a loss under this **Policy**, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred

Subrogation Continued

Continuous Lake Flooding

to us, to the extent that we have paid you for the loss. We may require you to acknowledge this transfer in writing. After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first before you may keep any of that money.

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

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

2. If your insured "Building" is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either Paragraph 1. above or 2. (A closed basin lake is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded 1 square mile at any time in the recorded past. Most of the nation's closed basin lakes are in the western half of the United States, where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions). Under this Paragraph 2., we will pay your claim as if the "Building" is a total loss even though it has not been continuously inundated for 90 days, provided that lake "Flood" waters must damage or imminently threaten to damage your "Building".

Duplicate Policies Not Allowed

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

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

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

In either case, you must pay the pro rata premium for the increased coverage limits within 30 days of the written notice. In no event will the resulting coverage

Duplicate Policies Not Allowed Continued

Loss Settlement

limits exceed the “PFIP” permissible limits of coverage or your insurable interest, whichever is less.

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

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

General

This **Policy** provides two methods of settling losses: “Replacement Cost” and “Actual Cash Value”. Each method is used for a different type of property, as explained in **1.** and **2.** below.

1. “Replacement Cost” loss settlement, described in **Conditions, Loss Settlement – Replacement Cost Loss Settlement** below, applies to “Buildings” other than manufactured homes or travel trailers.
2. “Actual Cash Value” loss settlement applies to all other property covered under this **Policy**, as outlined in **Conditions, Loss Settlement – Actual Cash Value** below.

Replacement Cost Loss Settlement

1. We will pay to repair or replace a damaged or destroyed building, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - a. The amount of insurance in this policy that applies to the building;
 - b. The replacement cost of that part of the building damaged, with materials of like kind and quality, and for like occupancy and use; or
 - c. The necessary amount actually spent to repair or replace the damaged part of the building for like occupancy and use.
2. We will not be liable for any loss on a “Replacement Cost” basis unless and until actual repair or replacement of the damaged Building or parts thereof, is completed.
3. If a Building is rebuilt at a location other than the described location, we will pay no more than it would have cost to repair or rebuild at the described location, subject to all other terms of the “Replacement Cost” settlement.

Actual Cash Value Loss Settlement

1. The types of property noted below are subject to “Actual Cash Value” loss settlement:
 - a. Personal property;
 - b. Insured property abandoned after a loss and that remains as debris at the described location;
 - c. Outside antennas and aerials, awnings, and other outdoor equipment;
 - d. Carpeting and pads; and
 - e. Appliances.
2. We will pay the least of the following amounts:
 - a. The applicable amount of insurance under this policy;

- b. The actual cash value (as defined in **II.B.2.**); or
- c. The amount it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss.

LIBERALIZATION CLAUSE

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