

additional amount due 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 you or the mortgagee or trustee do not pay the additional amount due within 30 days of the date of our bill, any flood insurance claim will be settled based on the reduced amount of coverage.

(3) As applicable, you have the option of paying all or part of the amount due out of a claim payment based on the originally requested amount of coverage.

b. **Insufficient Rating Information.** If we determine that the rating information we have is insufficient 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.

(1) If we receive the information within 60 days of our request, we will determine the amount of additional premium for the current policy term, and follow the procedure in VIII.D.3.a above.

(2) If we do not receive the information within 60 days of our request, no claims will be paid until the requested information is provided. Coverage will be limited to the amount of coverage that can be purchased for the payments we received, as determined when the requested information is provided.

4. **Coverage Increases.** If we do not receive the amounts requested in VII.D.3.a or VIII.D.4.a, or the additional information requested in VIII.D.3.b or VIII.D.4.b by the date it is due, the amount of coverage under this **Policy** can only be increased by endorsement subject to the appropriate waiting period. However, no coverage increases will be allowed until you have provided the information requested in VIII.D.3.b or VIII.D.4.b.

5. **Falsifying Information.** 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 IX.A apply.

E. Policy Renewal

1. This **Policy** will expire at 12:01 a.m. on the last day of the **Policy** term.

2. We must receive the payment of the appropriate renewal premium prior to the "Expiration Date". If we do not receive and process payment for the full renewal premium due prior to "Expiration", we will not renew the **Policy**. In that case, the **Policy** will remain an expired policy as of the expiration date shown on the "Declarations Page" and coverage under this **Policy** ends at "Expiration".

a. This **Policy** may be reinstated under the terms of the notice of renewal if we receive and process valid payment for the full renewal premium and a signed statement of no loss within 30 days of "Expiration".

b. If we reinstate the **Policy**, there will be no coverage during the period of time between "Expiration" and the date and time we received and processed the payment and received the signed statement of no loss.

c. Reinstatement of the **Policy** is conditioned upon the following and any reinstatement notice we send you is void if:

(1) Any form of premium payment is not honored for any reason;

(2) There is a claim under the policy arising from an event that occurred between **Policy** "Expiration" and the date and time we received and processed your payment and received your signed statement of no loss to reinstate the **Policy**; or

(3) Payment is received and processed after the 30th day following "Expiration".

d. If the reinstatement is void for any of these reasons, the **Policy** remains expired as of the "Expiration", and we will not be liable for any claims or damages after "Expiration".

3. In connection with the renewal of this **Policy**, we may ask you during the policy term to recertify on a questionnaire we will provide to you or your agent, the rating information used to rate your most recent application for or renewal of insurance.

F. Conditions Suspending or Restricting Insurance

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

G. Requirements in the Case of Loss

In the case of a "Flood" loss to insured property, you must:

1. Give prompt written notice to us or our agent.
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 property showing the quantity, description, age, "Actual Cash Value", and amount of loss. Attach all bills, receipts, and related documents.
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 insured 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 insured 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 G.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.

H. 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", and sign the same; *and*
 - c. Permit us to examine and make extracts and copies of:
 - (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

- e. can reasonably make available to us; *and*
 - f. 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 that we agree upon or its appraised value.

I. No Benefit to Bailee

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

J. 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 the 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 VIII.M.
- 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.

K. Abandonment

You may not abandon damaged or undamaged insured property to us.

L. 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.

M. Appraisal

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

N. Mortgage Clause

- 1. The word "mortgagee" includes trustee.
- 2. Any loss payable under 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.
- 3. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in the ownership or occupancy, or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this **Policy** on demand if you have neglected to pay the premium; *and*
 - c. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so.
- 4. All terms of this **Policy** apply to the mortgagee.
- 5. The mortgagee has the right to receive loss

payment even if the mortgagee has started foreclosure or similar action on the “Building”.

6. If we decide to cancel or not renew this **Policy**, it will continue in effect for the benefit of the mortgagee only for 30 days after we notify the mortgagee of the “Cancellation” or “Non-Renewal”.
7. 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.

O. 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 of the date of the written denial of all or part of the claim, and you must file the suit in the United States District Court of the district in which the insured property was located at the time of loss. 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**.

P. 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 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.

Q. Continuous Lake Flooding

1. If an 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 an insured 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 Q.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 Q.1 above or this paragraph Q.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 one 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 Q.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, subject to the following conditions:

- a. Lake floodwaters must damage or imminently threaten to damage your “Building”.
- b. Before approval of your claim, you must agree to a claim payment that reflects your buying back the salvage on a negotiated basis.

R. Loss Settlement

1. Introduction

This **Policy** provides three methods of settling losses: “Replacement Cost”, Special Loss Settlement, and “Actual Cash Value”. Each method is used for a different type of property, as explained in a-c below.

- a. “Replacement Cost” Loss Settlement, described in R.2 below, applies to “Buildings” other than manufactured homes or travel trailers.
- b. Special Loss Settlement, described in R.3

below, applies to a “Residential Condominium Building” that is a travel trailer or a manufactured home.

- c. “Actual Cash Value” loss settlement applies to all other property insured under this **Policy**, as outlined in R.4. below.

2. Replacement Cost Loss Settlement

- a. 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:

- (1) The amount of insurance in this **Policy** that applies to the “Building”;
- (2) The “Replacement Cost” of that part of the “Building” damaged, with materials of like kind and quality, and for like occupancy and use; *or*
- (3) The necessary amount actually spent to repair or replace the damaged part of the “Building” for like occupancy and use.

- b. We will not be liable for any loss on a “Replacement Cost” Coverage basis unless and until actual repair or replacement of the damaged “Building” or parts thereof is completed.

- c. 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 “Replacement Cost” Loss Settlement.

3. Special Loss Settlement

- a. The following loss settlement conditions apply to a “Residential Condominium Association” that is:

- (1) a manufactured home or a travel trailer, as defined in II.C.6.b and c; and
- (2) at least 16 feet wide when fully assembled and has at least 600 square feet within its perimeter walls when fully assembled.

- b. If such a building is totally destroyed or damaged to such an extent that, in our judgment, it is not economically feasible to repair, at least to its pre-damaged condition, we will, at our discretion, pay the least of the following amounts:

- (1) The lesser of the “Replacement Cost” of the manufactured home or travel trailer or 1.5 times the “Actual Cash Value”; *or*
- (2) The “Building” Limit of liability shown on your “Declarations Page”.

- c. If such a manufactured home or travel trailer is partially damaged and, in our judgment, it is economically feasible to repair it to its pre-damaged condition, we will settle the loss according to the “Replacement Cost” Loss Settlement conditions in R.2 above.

4. Actual Cash Value Loss Settlement

- a. The types of property noted below are subject to “Actual Cash Value” settlement:

- (1) Personal property;
- (2) Insured property abandoned after a loss and that remains as debris at the described location;
- (3) Outside antennas and aerials, awning, and other outdoor equipment;
- (4) Carpeting and pads;
- (5) Appliances; and
- (6) A manufactured home or mobile home or a travel trailer as defined in II.C.6.b or c that does not meet the conditions for special loss settlement in R.3 above.

- b. We will pay the least of the following amounts:

- (1) The applicable amount of insurance under this **Policy**;
- (2) The “Actual Cash Value”, as defined in II.C.2; *or*

- (3) 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.

IX. POLICY NULLIFICATION, CANCELLATION, AND NON-RENEWAL

A. Policy Nullification for Fraud, Misrepresentation, or Making False Statements

- 1. With respect to all insureds under this **Policy**, this **Policy** is void and has no legal force and effect if at any time, before or after a loss, you or any other

insured or your agent have, with respect to this **Policy** or any other insurance provided by us:

- a. Concealed or misrepresented any material fact or circumstance;
- b. Engaged in fraudulent conduct; *or*

- c. Made false statements.
- 2. Policies voided under A.1 cannot be renewed or replaced by a new policy issued by us.
- 3. Policies are void as of the date the acts described in A.1 above were committed.
- 4. Fines, civil penalties, and imprisonment under applicable Federal and state laws may also apply to the acts of fraud or concealment described above.

B. Policy Nullification for Reasons Other Than Fraud

- 1. This **Policy** is void from its inception, and has no legal force or effect, if:
 - a. The property listed on the “Application” is otherwise not eligible for coverage at the time of the initial “Application”;
 - b. You never had an insurable interest in the property listed on the “Application”;
 - c. You provided an “Application” and payment, but the payment did not clear; *or*
 - d. We receive notice from you, prior to the **Policy** effective date, that you have determined not to take the **Policy** and you are not subject to a requirement to obtain and maintain flood insurance pursuant to any statute, regulation, or contract.
- 2. In such cases, you will be entitled to a full refund of all premium, fees, and surcharges received. However, if a claim was paid for a **Policy** that is void, the claim payment must be returned to us or offset from the premiums to be refunded before the refund will be processed.

C. Cancellation of the Policy by You

- 1. You may cancel this **Policy** in accordance with the terms and conditions of this **Policy** and the applicable rules and regulations of the “NFIP”.
- 2. If you cancel this **Policy**, you may be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this **Policy** and the applicable rules and regulations of the “NFIP”.

D. Cancellation of the Policy by Us

- 1. **Cancellation for Underpayment of Amounts Owed.** This **Policy** will be cancelled, pursuant to VIII.D.2, if it is determined that the premium amount you paid is not sufficient to buy any amount of coverage, and you do not pay the additional amount of premium owed to increase the coverage to the originally requested amount

within the required time period.

2. Cancellation Due to Lack of an Insurable Interest.

- a. If you no longer have an insurable interest in the insured property, we will cancel this **Policy**. You will cease to have an insurable interest if:
 - (1) For building coverage, the building was sold, destroyed, or removed.
 - (2) For contents coverage, the contents were sold or transferred ownership, or the contents were completely removed from the described location.
- b. If your **Policy** is cancelled for this reason, you may be entitled to a partial refund of premium under the applicable rules and regulations of the “NFIP”.

3. Cancellation of Duplicate Policies.

- a. Except as allowed under Article I.G, your property may not be insured by more than one flood policy issued by us, and payment for damages to your property will only be made under one **Policy**.
- b. Except as allowed under Article I.G, if the property is insured by more than one flood policy issued by us, we will cancel all but one of the policies. The **Policy**, or policies, will be selected for cancellation in accordance with 44 CFR 62.5 and the applicable rules and guidance of the “NFIP”.
- c. If this **Policy** is cancelled pursuant to VIII.D.3.a, you may be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this **Policy** and the applicable rules and regulations of the “NFIP”.

4. Cancellation Due to Physical Alteration of Property

- a. If the insured building has been physically altered in such a manner that it is no longer eligible for flood insurance coverage, we will cancel this **Policy**.
- b. If your **Policy** is cancelled for this reason, you may be entitled to a partial refund of premium under the terms and conditions of this **Policy** and the applicable rules and regulations of the “NFIP”.

E. Non-Renewal of the Policy by Us

Your **Policy** will not be renewed if:

- 1. Your building is otherwise ineligible for flood

insurance with us; or
2. You have failed to provide the information we

requested for the purpose of rating the **Policy** within the required deadline.

X. 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”.

XI. WHAT LAW GOVERNS

This **Policy** and all disputes arising from policy issuance, policy administration or the handling of any claim under the **Policy** are governed exclusively by the flood insurance regulations issued by FEMA, the National Flood Insurance Act of 1968, as amended (42 U.S.C. 40001, et seq.), and Federal and state common law. Unless otherwise stated in this **Policy**, the rules of interpretation with respect to

policy underwriting, issuance, and administration shall be determined by the most recent edition of the *NFIP Flood Insurance Manual* and with respect to the handling of any claim shall be determined by the most recent edition of the *NFIP Claims Handling Manual*.