

DWELLING INSURANCE PROGRAM

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**AMENDATORY ENDORSEMENT - DWELLING POLICY FORM 1**  
**10237 01/14**

**DEFINITIONS** is changed as follows:

The following definitions are added:

"Business" means any full or part-time trade, profession or occupation engaged in for economic gain.

But business does not mean the rental or holding for rental solely for residential purposes of any dwelling or other structure described on the Declarations Page.

"Unoccupied" means not being used as a dwelling. Any dwelling structure with no permanent resident is unoccupied even if it is fully furnished. While the permanent resident is temporarily absent from the dwelling, the dwelling will not be unoccupied.

**GENERAL EXCLUSIONS**

The following exclusions are added:

- 13.** We do not cover loss caused by any business activity being conducted with or without your knowledge by any of you or any resident of the dwelling on the described location.
- 14.** We do not cover loss caused by vandalism, burglary, malicious mischief, theft or any other unlawful taking of property by any tenant or any roomers and boarders of the dwelling on the described location.
- 15.** We do not cover loss of or to any property otherwise insured by this policy if that loss is intentionally caused by any of you or performed at any of your direction.

**DEDUCTIBLE**

The following change applies to all deductible clauses:

Your deductible is the greater of \$1,000 or the applicable deductible shown on your DECLARATIONS PAGE.

This includes all deductibles on your DECLARATIONS PAGE in Texas Dwelling Policy Form 1 and any endorsement attached to your Texas Dwelling Policy Form 1.

**CONDITIONS**

Condition **6. Loss Settlement** is changed to read:

**6. Loss Settlement**

When an insured loss under Coverages occurs, your loss will be equal to the lowest of the following:

- a.** the actual cash value at the time of loss;
- b.** the cost to repair or replace the damaged property with material of like kind and quality, less deduction for depreciation; or
- c.** the specified limit of liability shown on the Declarations Page.

~~**Condition 16. Vacancy** is changed to read:~~

~~**Vacancy.** During the policy term, if an insured dwelling is vacant or unoccupied for 30 consecutive days immediately before the loss, the Limit of Liability shown on the Declarations Page for Coverage A (Dwelling) and Coverage B (Personal Property) is reduced to 60% for loss caused by fire, lightning, vandalism or malicious mischief. Coverage may be provided by endorsement to this policy.~~

The following condition is added:

**Your Duties to Maintain Policy Limits of Liability.** It is your responsibility to maintain adequate Limits of Liability on your dwelling, other structures and personal property. But to help you do that we may, but are not obligated to, adjust your policy Limits of Liability. If an adjustment is made, it will become effective on the renewal date of your policy and will be based upon data supplied to us by recognized agencies or organizations.

You will be notified in advance of the new Limits of Liability. Payment of your renewal is all that is necessary to indicate your acceptance of the new Limits of Liability.

If you want to change the new Limits of Liability you may do so by contacting your insurance representative.

**Service of Process**

The address under Service of Process is changed to 15700 Long Vista Drive, Austin, Texas 78728.

The following provision is changed to read:

In witness whereof, the attorney-in-fact has executed this policy in Austin, Texas, binding the underwriters at Foremost Lloyds of Texas.



Deborah Boam  
President



Martin R. Brown  
Secretary

**Strikethrough = deleted**

**AMENDATORY ENDORSEMENT - DWELLING POLICY FORM 1**  
**10237 07/14**

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**CONDITIONS**

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- c.** the specified limit of liability shown on the Declarations Page.

**8. Appraisal** is deleted and replaced with:

**8. Appraisal.**

- a.** The following definitions shall apply under this Appraisal clause:

(1) "Claimed loss" means your claim of direct physical loss or damage to property.

(2) "Component parts" of property means each of the constituent parts of the property. By way of example only, if the claimed loss is a roof, the component parts of property for a roof might include: the trusses, rafters, decking, underlayment, sheathing, drip edge, shingles, tiles or other outer covering, jack pipes, vents or skylights.

(3) "Incurred property damage" means the verifiable actual theft of or actual distinct and demonstrable physical injury to or destruction of property.

**b.** If you or we fail to agree on the actual cash value (including the replacement costs and depreciation/obsolescence) or the incurred property damage of your claimed loss, either you or we may make a written demand for appraisal. The appraisal shall be made strictly in accord with the terms of this appraisal clause. Neither you nor we may assign the right to demand appraisal, whether before or after loss or damage. Any assignment shall be void.

**c. (1)** Within 20 days of the receipt of a written demand for appraisal, you and we each shall:

- i.** appoint a qualified individual person as an appraiser; and
- ii.** notify the other in writing of the appraiser's name and contact information.

**(2)** In order for a person to be qualified to act as an appraiser, the person must be competent, independent, neutral and impartial. A person:

- i.** who has performed, or who is employed by any entity which has performed any work, or a person who has provided any service for either you or us in relation to any claimed loss under this policy, whether or not such work or service has been or will be paid; or

- ii.** who has performed or may perform, or who is employed by an entity which has performed or may perform repairs or replacement of your property;

shall not be qualified to serve as an appraiser.

**(3)** Upon acceptance of the appointment, each appraiser shall within 5 days disclose in writing to you and to us any known facts

Underlined = added

which a reasonable person may consider to affect independence, neutrality or impartiality of the appraiser, including without limitation:

- i. any financial or personal interest in the outcome of the appraisal; and
  - ii. any current or previous relationship with you or us, or your or our counsel, other representative(s) or experts, or with the other appraiser.
- d. You and we may provide the appraisers with estimates, expert opinions, appraisal forms or any information you or we believe to be relevant to the appraisal. Any such documents and information must also be provided to the other party. However, no civil discovery shall be conducted by either the appraisers, any umpire, or you or us during or for the preparation of the appraisal, and no court reporter shall be used. The rules of civil procedure and the rules of evidence shall not apply to the appraisal process, and no hearing shall be conducted by the appraisers at which either you or we provide any evidence pertaining to your claimed loss.
- e. (1) The appraisers shall determine the incurred property damage, if any, to each of the component parts of that property for which you have claimed loss, and the actual cash value of the incurred property damage, as of date of the loss. In determining the actual cash value of the incurred property damage, the appraisers shall only use reasonable costs of materials of like kind and quality unless the policy expressly provides otherwise.  
(2) The appraisal shall separately state and itemize the following for each individual component part of the incurred property damage:
  - i. a description of each component part of the property;
  - ii. a description of the distinct and demonstrable physical injury to or destruction of each component part, if any, without reference to what caused the damage;
  - iii. a description of the reasonably necessary repairs or replacements for each component part of property;
  - iv. the estimated costs of the reasonably necessary repairs or replacement(s) to each component part of property;
  - v. the estimated amount of proper depreciation and/or obsolescence to each component part of property; and
  - vi. the actual cash value of the incurred property damage.

Evidence of the reasonableness of the costs, and evidence that the materials are of like kind and quality, if the policy loss settlement requires like kind and quality settlement, shall also be included with the appraisal. As appropriate, the foregoing shall also apply to theft.

- (3) The appraisers may consider and provide you and us with a separate statement of the estimated cost(s) for any repairs or replacements which may be required by building ordinances or laws, but the appraisers may not determine whether such amounts are covered under this insurance policy.
- (4) The appraisers shall submit their written appraisal in accord with this part e., to both you and to us, and the amounts agreed upon by the appraisers will be the incurred property damage and the actual cash value (including the replacement costs and depreciation/obsolescence) of the incurred property damage to each component part of property for which you have claimed loss.
- (5) The appraisers are not authorized to, and shall not decide the cause, or causes, of your claimed loss or any incurred property damage.
- (6) The appraisers are not authorized to decide whether any incurred property damage is covered under this insurance policy.
- f. (1) If the appraisers cannot agree on the incurred property damage or the actual cash value of the incurred property damage, they will advise each of us of their failure to agree. You or we shall then first request the American Arbitration Association (AAA) to select an umpire at:

American Arbitration Association  
Case Filing Services  
Attn: Foremost Texas Appraisal  
1101 Laurel Oak Road Ste 100  
Voorhees, New Jersey 08043  
Email: casefiling@adr.org (with subject matter as "Foremost Texas Appraisal")
- (2) Only if the AAA advises you and us in writing that it cannot appoint an umpire may we then jointly request a judge of a district court in the judicial district where the residence premises is located to select an umpire. A judge of a district court does not include a commissioner or a judge of a county court at

Underlined = added

law, of a justice court, a municipal court, a probate court, or of a commissioner's court.

(3) In order for a person to be qualified to act as an umpire under this appraisal clause, such person must be qualified and meet the conditions as required at part c.(2).

(4) Upon the appointment of an umpire by AAA, or a district judge, the umpire shall within 5 days disclose in writing to you and to us the information required at part c.(3).

(5) Within 20 days of a qualified umpire being appointed, each of the appraisers shall then submit to the umpire, and to both you and us, their appraisals. Their appraisals shall contain all of the information required in part e. above, and shall identify each specific matter upon which they disagree and explain in detail why they disagree. Both appraisers and the umpire shall then together meet and confer. The umpire shall then prepare an appraisal. A written appraisal in conformance with and setting forth all the information required in part e. above, agreed upon and signed by the umpire and either one of the two appraisers will determine the incurred property damage and the actual cash value of the incurred property damage of your claimed loss.

(6) If a vacancy should occur regarding the umpire, the vacancy shall be filled in accord with the foregoing process by which the vacating umpire was appointed. Any appointed umpire is subject to (3) and (4) of this part f.

g. Each party will pay the costs of the appraiser it chooses. The costs of the umpire and all other expenses of the appraisal will be shared and paid equally by you and us. If AAA appoints the umpire, we will pay AAA's costs.

h. The appraisal shall not:

(1) determine whether your claimed loss or any incurred property damage, or any part thereof, is covered under this insurance policy;

(2) determine the cause or causes of the claimed loss or any incurred property damage;

(3) make any factual finding which directly or indirectly determines whether your claimed loss or incurred property damage, or any part thereof, is covered under this insurance policy;

(4) interpret this insurance policy;

(5) award or determine any interest or penalties;

(6) award any amount for matching property which has not sustained incurred property damage with property that has sustained incurred property damage;

(7) determine loss settlement under a loss settlement provision of this policy; or

(8) be considered to be adjustment of your claimed loss.

i. Any demand for appraisal must be made within the contractual suit limitations period stated in this policy. After that time neither you nor we may demand an appraisal.

j. If you or we timely demand an appraisal, then upon request made by either you or us for abatement of any suit for or involving the claimed loss, the suit shall be abated until after an appraisal award is made in accord with this appraisal clause.

k. Even after an appraisal award, we retain the right to deny any claimed loss or incurred property damage, or any part thereof.

The following condition is added:

**Your Duties to Maintain Policy Limits of Liability.** It is your responsibility to maintain adequate Limits of Liability on your dwelling, other structures and personal property. But to help you do that we may, but are not obligated to, adjust your policy Limits of Liability. If an adjustment is made, it will become effective on the renewal date of your policy and will be based upon data supplied to us by recognized agencies or organizations.

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S. J. BOSHOVEN  
President



MARTIN R. BROWN  
Secretary