



GERMAN-AMERICAN FARM MUTUAL

SINCE 1891

15901 Central Commerce Dr. #304
Pflugerville, Texas 78660-2044
(512) 990-5711

PLEASE READ YOUR POLICY

QUICK REFERENCE

Agreement	3
Definitions	3
Coverages	3
Dwelling	3
Personal Property	3
Outbuildings	3
Machinery – Equipment – Tools – Feed	4
Mobile Homes – Manufactured Homes	4
Extensions of Coverages	4
Debris Removal	4
Temporary Repairs	4
Property Removed	4
Consequential Loss	4
Falling Objects	4
Glass Breakage	4
Property Not Covered	5
Perils Insured Against	5
General Exclusions	6
Deductible-Depreciation	7
Conditions	7
Policy Period	7
Insurable Interest and Limit of Liability	7
Policy A Liquidated Demand	7
Concealment and Fraud	7
Residential Community Property	7
Roof Replacement	7
Duties after Loss	7
Your Duties After Loss	7
Our Duties After Loss	8

Loss Settlement	8
Salvage Rights	8
Appraisal	8
Other Insurance	8
Loss Payment	8
Catastrophe Losses	8
Suit Against Us	8
Subrogation	8
Abandonment of Property	8
No Benefit to Bailee	9
Vacancy – Suspension of Coverages	9
Liberalization	9
Waiver or Change of Policy Provisions	9
Mortgage Clause	9
Cancellation	9
Refusal to Renew	10
Assignment	10
Death	10

YOUR DUTIES AFTER A LOSS

Protect the property from further damage.
Give prompt written notice to the company.
Call the police if a law has been broken.
Make a list of all damaged personal property, including costs.
If requested, obtain proof of loss form from your Appraiser or the company and submit within 91 days of the request.

**For a complete list of your duties,
see page 7 of this policy.**

**Notify us immediately if the occupancy status
of property insured under this policy changes.**

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call the company's telephone number for information or to make a complaint at:

**1-800-521-4771
1-512-990-5711**

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: <http://www.tdi.texas.gov>
E-mail: ConsumerProtection@tdi.texas.gov

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent or the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

AVISO IMPORTANTE

Para obtener información o para presentar una queja:

Usted puede llamar al número de teléfono gratuito de la compañía para obtener información o para presentar una queja al:

**1-800-521-4771
1-512-990-5711**

Usted puede comunicarse con el Departamento de Seguros de Texas para obtener información sobre compañías, coberturas, derechos o quejas al:

1-800-252-3439

Usted puede escribir al Departamento de Seguros de Texas a:

P.O. Box 149104
Austin, TX 78714-9104
Fax: (512) 490-1007
Web: <http://www.tdi.texas.gov>
E-mail: ConsumerProtection@tdi.texas.gov

DISPUTAS POR PRIMAS DE SEGUROS O RECLAMACIONES:

Si tiene una disputa relacionada con su prima de seguro o con una reclamación, usted debe comunicarse con el agente o la compañía primero. Si la disputa no es resuelta, usted puede comunicarse con el Departamento de Seguros de Texas.

ADJUNTE ESTE AVISO A SU PÓLIZA:

Este aviso es solamente para propósitos informativos y no se convierte en parte o en condición del documento adjunto.

AGREEMENT

We will provide the insurance described in this policy and any endorsements or amendments attached in return for the premium and compliance with all applicable provisions of this policy.

The policy consists of the application, this policy jacket, declaration page, endorsement(s) and the Bylaws of this Farm Mutual Company. A copy of the Bylaws is available upon request.

You agree to comply with the provisions of the policy and any endorsements or amendments attached and to pay all premiums when they become due.

DEFINITIONS

In this policy:

- A. **"You"** and **"your"** refer to the **"named insured"** shown on the declaration page and the spouse if a resident of the same household.
- B. **"We," "us," "our"** and **"company"** refers to German-American Farm Mutual, a Texas Farm Mutual Insurance Association organized under the provisions of Chapter 911 of the Texas Insurance Code.
- C. **"Business day"** means a day other than a Saturday, Sunday or holiday recognized by the state of Texas.
- D. **"Dwelling"** means the dwelling shown on the declaration page. This includes everything that is legally a part of the dwelling, including structures attached to the dwelling by sharing of a common roofline.
- E. **"Vacant"** or **"unoccupied"** refers to a furnished or unfurnished dwelling you own in which no one lives as their principal residence and/or other covered property at a location where no one lives as their principal residence.
- F. **"Insured"** or **"member"** means you (the named insured) and residents of your household who are: 1) your relatives; or 2) other persons under the age of 21 and in care of any person named above.
- G. **"Described location"** means the location shown on the declaration page of the policy.
- H. **"Scheduled"** or **"Contents"** means the item is listed for a specific amount.
- I. **"Mobile homes/Manufactured homes"** means any home not site built.
- J. **"Perils Insured Against"** are: fire, storm including lightning, windstorm, hurricane, hail, explosion, sudden and accidental discharge, leakage or overflow of water or steam from within a plumbing, heating or air conditioning system or household appliance, theft of scheduled property, repair to point of entry on dwelling caused by theft.

COVERAGES

This insurance applies to the described location and coverage for which a limit of liability is shown.

DWELLING COVERAGE

We cover:

- 1. the dwelling on the described location shown on the declaration page, used principally for dwelling purposes, including structures attached to the dwelling.
- 2. building equipment; outdoor equipment; and floor coverings used for the service of and located within or attached to the dwelling. Water pumps (motors and equipment) including buildings used for the housing of such equipment, window air conditioners, space heaters, fences, hay, grain and feed are insured only if itemized on the declaration page or an attachment page with specific value listed.
- 3. scheduled other structures on the described location, set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line or similar connection. Such structures must be scheduled for coverage to be in place.

PERSONAL PROPERTY

We cover:

- 1. personal property owned or used by you or members of your family residing with you while it is on the described location.
- 2. up to 10% of the contents limit of liability for a loss by a **Peril Insured Against** (excluding the Peril of Theft) to per-

sonal property covered while anywhere in the world. This is not additional insurance and does not increase the limit of liability.

- 3. property temporarily stored in a commercial storage building (no longer than 6 months)

Personal Property coverage is not included in the dwelling coverage. Household contents may be scheduled as one amount. Household contents include your household furniture, household effects and wearing apparel. Guns, tools, equipment, jewelry and antiques must be scheduled. Outdoor items including but not limited to bicycles, garden/lawn equipment, barbecue grills/pits and outdoor furniture will be limited to a total of \$500.00 per loss unless these items are scheduled. An appraisal will be required to insure any guns, jewelry or antiques valued over \$1,000 per item. Personal property coverage does not include coverage for loss by theft and/or vandalism. If the scheduled value at the time of the loss exceeds the cost of replacing the property with like kind and quality, then replacement with like kind and quality shall be the amount paid.

OUTBUILDINGS

We cover:

- 1. the buildings on the described location. Outbuildings shall include, but not be limited to, detached garages, barns, tool sheds, implement sheds, grain bins, pumps and pump houses, and storage sheds. All outbuildings must be sche-

duled on the declaration page or an attachment page which is part of the policy and must be insured for appraised value.

MACHINERY/EQUIPMENT/TOOLS/FEED

We cover:

1. tractors, farm machinery, trailers except boat trailers, tools, and equipment (designed for use off public roads) on the described location or when temporarily located elsewhere within the State of Texas. Such items must be scheduled on the declaration page or an attachment page which is part of the policy and must be insured for appraised value and will be covered for **Perils Insured Against** only. **There is no coverage for collision or personal injury.**
2. devices and equipment for assisting the handicapped, power mowers, golf carts, vehicles, 4 wheelers or machines used for recreational purposes while located on the described location. Such items must be scheduled on the declaration page or an attachment page which is part of the policy and must be insured for appraised value. **There is no coverage for collision or personal injury.**
3. hay, feed, and seed, grain and fences on the described location. Such items must be scheduled on the declaration page or an attachment page, which is part of the policy. Hay when stored outside is insured for fire only. Hay stored outside must be at least 100 feet away from any public road. Hay stored outside is insured for fire only. Coverage

on hay stored outside ceases to exist when the hay reaches age of two years. Hay, feed, seed, and grain are insured only for the peril of fire if they are stored in a building that is not completely enclosed or in a building that is not specifically identified on the declarations page. Hay, feed, seed, and grain are not insured for the peril of storm unless they are stored in a building that is specifically identified on the declarations page.

MOBILE HOMES/MANUFACTURED HOMES

We cover:

1. the dwelling only at the described location.
2. the dwelling only once it is properly blocked with concrete blocking or its equivalent. The dwelling must be properly tied down at all times with six inch auger anchors at least three feet in the ground or in concrete and must be tied down on each corner and on the sides. Tie downs on the sides are to be no further apart than twenty feet. Dwellings of this type that have permanent structures built on thus providing stability equal to anchors are not required to be anchored. This type of dwelling must be properly underpinned.
3. the dwelling only when **not** located in a mobile home park. **Mobile Homes/Manufactured Homes** insurance becomes null and void when procedure to move begins and during all moving and setup.

EXTENSIONS OF COVERAGE

DEBRIS REMOVAL

We will pay up to \$500 for the removal from the described location:

- a. debris that the peril of storm has blown off the insured property and is scattered over the premises
- b. a tree that has fallen on covered property if a **Peril Insured Against** caused the tree to fall.

The maximum limit of liability for this coverage is \$500 per occurrence. This is not additional insurance and does not increase the limit of liability that applies to the damaged property.

TEMPORARY REPAIRS

We will pay up to \$200 for the expense you incur for necessary repairs made solely to protect covered property from further damage when the damage was caused by a **Peril Insured Against**. This coverage is not additional insurance and does not increase the limit of liability that applies to the property being repaired. Additional damage incurred from failure to protect property from further loss is not claimable.

PROPERTY REMOVED

We will pay up to \$200 for the expense and damage incurred in the removal of covered property from the described location due to damage from a **Peril Insured Against**. This coverage is

not additional insurance and does not increase the limit of liability that applies to the property being repaired.

CONSEQUENTIAL LOSS

We insure property covered by this policy against loss due to utility failure if such failure is a result of physical damage, caused by a **Peril Insured Against**, to power, heating or cooling equipment situated on the premises where the covered property is located. There is no coverage for loss of perishable food items due to loss of power to a refrigerator or freezer even if caused by a **Peril Insured Against**.

FALLING OBJECTS

We will insure against damage by falling objects to a building, yard fence, church sign, cross or bell tower if insured specifically. The insured contents are covered provided the building containing the property shall first sustain actual damage to the exterior by the falling objects.

GLASS BREAKAGE

We will insure against glass breakage occurring to glass constituting a part of a dwelling when occupied and not vacant and glass constituting a part of farm machinery when the breakage is caused by a **Peril Insured Against**.

PROPERTY NOT COVERED

We do not cover:

1. money, currency, bullion, credit cards or bank cards.
2. securities, stock, investment documents, deeds, or evidences of debt.
3. records, books of records, manuscripts, cosmetics or medicines.
4. motor vehicles primarily designed and licensed for use on public roads.
5. aircraft, meaning any device used or designed for flight including model or hobby aircraft not used or designed to carry people or cargo.
6. watercraft, including outboard motors and furnishings or equipment.
7. growing crops or crops in process of harvesting.
8. cloth awnings, greenhouses and their contents.
9. radio and television towers, outside satellite/dish systems, masts and antennas, including lead-in wiring, wind chargers and windmills.
10. property of roomers, boarders, and other tenants.
11. recreational vehicles, such as, travel trailers (whether anchored or not) and campers (including pop-up campers).
12. citizen band radios, radar detectors, stereos, radios, mobile phones, televisions and similar equipment

designed for use in a motor vehicle.

13. property located in a commercial storage building, except when specifically covered elsewhere in the policy and then only temporarily (no longer than 6 months).
14. above ground and in ground swimming pools, hot tubs, spas including their pumps and equipment.
15. personal property that is leased by or to an insured or bought under a lease-purchase agreement including but not limited to band instruments.
16. buildings or other structures constructed on ground less than twelve feet above sea level or constructed wholly or partially over water.
17. commercial property, with more than 40% of its floor space or more than 500 square feet of floor space, whichever is the lesser amount.
18. business personal property that consists of samples or articles for sale or delivery; whether located at the described location or located away.
19. trees, shrubs, plants, lawns, wooden privacy fences, seasonal decorations or lawn/yard ornaments including but not limited to birdbaths, rock gardens, and Christmas decorations/lights.
20. Aquariums or the damage that results from leakage and/or breakage.

PERILS INSURED AGAINST

We insure for direct physical loss to the covered property caused by a peril listed below unless the loss is excluded in the General Exclusions or unless the loss is excluded by endorsement or amendment to the specific policy.

Fire

Storm including lightning, windstorm, hail or hurricane
Explosion

Sudden and accidental discharge, leakage or overflow of water or steam from within a plumbing system, heating or air conditioning system or household appliance

Theft of Scheduled Property

Repair to point of entry on dwelling caused by theft

SCOPE OF THEFT COVERAGE

We cover personal property for theft if the property has been scheduled and additional premium has been paid for theft coverage. There is no coverage for theft of scheduled items unless

stolen from a locked insured dwelling and/or building. Visible signs of breaking and entering must be present before a theft claim will be paid. There is no coverage for mysterious disappearance of property.

Reasonable safety & security precautions must be taken to all items. This includes but is not limited to: tractors, tools, equipment, guns and electronics. An unlocked vehicle and/or the back of a pickup or trailer on a public parking lot is not a secure location.

Miscellaneous theft & miscellaneous vandalism are scheduled coverages with additional premium cost. In order to add the miscellaneous theft and/or vandalism coverage there first must be scheduled items (for theft) on the policy. Claim payment under the miscellaneous theft and/or vandalism is limited to two (2) claims per policy period.

GENERAL EXCLUSIONS

The following exclusions apply to loss to covered property:

1. **Electricity.** We do not cover loss to electrical devices or wiring caused by electricity other than lightning.
2. **Flood/Water.** We do not cover loss caused by or resulting from flood, surface water, waves, overflow of streams, pools, ponds or other bodies of water or spray from any of these whether or not driven by wind.
3. **Government Action.** We do not cover loss caused by the destruction of property by order of governmental authority. We do cover loss caused by the acts of destruction ordered by governmental authority taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.
4. **War Damage.** We do not cover loss directly or indirectly from war. This includes undeclared war, civil war, insurrections, rebellion, warlike act by military personnel, destruction or seizure or use for military purpose, and including any consequence of these. Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
5. **Nuclear Damage.** We do not cover loss resulting directly or indirectly from nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused. We cover loss by fire resulting from nuclear reaction, radiation, or radioactive contamination.
6. **Building Laws.** We do not cover loss caused by or resulting from the enforcement of any ordinance or law regulating the construction, repair or demolition of a building or structure.
7. **Smoke.** We do not cover loss caused by or resulting from smoke unless caused by a sudden unusual and faulty operation of any heating, disposal or cooking unit. Such unit must be connected to a chimney by a smoke pipe or properly installed and vented. We do not cover loss caused by smoke from industrial or agricultural operations.
8. **Civil Commotion or Riot.** We do not cover loss caused by or resulting from pillage and looting during and after riot or civil commotion.
9. **Aircraft and Land Vehicles.** We do not cover loss caused by or resulting from collision of any land vehicle, farm machinery, equipment or tools to the insured property by the member or his family or any tenant, agent, employee or member of the household of any of these. We do not cover loss caused by or resulting from any deliberate, willful, neglectful or voluntary actions of the member or his family or any tenant, agent, employee or member of the household of any of these.
We do cover direct loss or damage by an aircraft to insured property.
10. **Foundation.** We do not cover loss to a foundation or structure caused by or resulting from settling, cracking, bulging, shrinkage, or expansion of foundations, walls, floors, ceilings, roof structures, walks, drives, curbs, fences, retaining walls or swimming pools. We do not cover such loss even if such damage was caused by accidental water discharge or failure of the water system or drain system of the structure.
11. **Freeze.** We do not cover loss caused by or resulting from freezing (occupied or unoccupied) unless you have used reasonable care to: 1) maintain heat in the building or 2) shut off the water supply and drain plumbing, heating and air conditioning systems of water. We do not cover pipes extending outside the insured dwelling or insured structure.
12. **Earth Movement.** We do not cover loss caused by or resulting from earth movement, meaning the sinking, rising, shifting, expanding or contracting of earth, all whether combined with water or not. Earth movement includes, but is not limited to, earthquake, landslide, mudflow, sinkhole, erosion or movement resulting from improper compaction, site selection or any other external forces.
13. **Hazardous Materials.** We do not cover the cost for removal, handling, hauling, or disposal of materials that are classified as hazardous to the environment. Hazardous materials include but are not limited to asbestos, slate, chemicals.
14. **Water Discharge:** We do not cover:
 - a) loss to the system or appliance from which the water, steam, condensation or sewage escaped;
 - b) loss caused by discharge, seepage, leakage, overflow or release of water, steam, condensation, or sewage from outside the described location plumbing system that enters through sewers or drains;
 - c) loss caused by discharge, seepage, leakage, overflow or release of water or sewage from within a sump pump, sump pump well or any other system designed to remove subsurface water from the foundation area; or
 - d) loss caused by constant, repeated or intermittent discharge, seepage, leakage, overflow or release of water, steam, condensation or sewage from a plumbing, heating or air conditioning system, household appliance, roof, exterior wall, window, door, shower pans, bathtubs, toilets, lavatories or any other source.
15. **Appliances/Plumbing.** We do not cover the cost of repair or replacement of plumbing, heating or air conditioning system or domestic appliances, or parts of such systems unless caused by or resulting from direct lightning strike or fire.
16. **Collapse.** We do not cover loss caused by or resulting from collapse of a building or any part of a building if there is evidence of rotten wood or deterioration due to neglect or improper upkeep of the building or if caused by earthquake, landslide, or earth movement. We do cover loss caused by or resulting from collapse if there is no evidence of rotten wood or deterioration due to neglect or improper upkeep and the cause of the collapse is a **Peril Insured Against** such as storm or explosion.
17. **Multi-layer Roof.** In the event of loss to a multi-layer roof, we do not cover the cost to remove or replace roof deck sheathing or battens, or any roof coverings under the top layer. The term multi-layer roof includes roof systems with two or more layers of shingles or tiles or multiple layers of modified bitumen roofing, single ply roofing, built-up roofing, or roll roofing installed on the roof as a result of two or more roof installations.
18. **Alternate living expense.** There is no coverage for loss of use of the structure.
19. **Windstorm, hurricane or hail.** There is no coverage to the inside of a building or to personal property contained in

a building unless direct force of wind or hail makes an opening in a roof or wall and rain, snow, sand, or dust enters through this opening and causes the damage. Unless penetration occurs, hail damage to metal roofs, sidings, or coverings is excluded. There is no coverage for loss of appearance.

20. **Mold and Other Microorganisms.** We do not cover loss, damage, or loss of use caused directly or indirectly by or resulting from mold, fungi, fungal-like organisms, bacteria, viruses, mites, amoebae, or other microorganisms, or their components, fragments, metabolites, bioaerosols or organic contaminants, regardless of the cause of growth,

proliferation, secretion or dispersal.

21. **Structure/Contents.** We do not cover:
- a) damage which is caused by animals or insects, including but not limited to rats, mice, termites, moths or other insects;
 - b) rotten wood or damage caused by rust, contamination, mold or other fungi, whether airborne or not.
22. **Arson.** We will not be liable for payment for any loss or damage incurred by fire caused directly or indirectly by arson committed by you, your family or any tenant, agent, employee or member of the household of any of these or with your knowledge or consent.

DEDUCTIBLE/DEPRECIATION

Deductible: We will deduct from the amount of the loss or damage to each item of insurance in any one occurrence the deductible amount shown on the declaration page. The deductible amount applies to loss or damage caused by any **Peril Insured Against** unless otherwise stated in the policy or the declaration page. No loss under \$100.00 will be paid.

Depreciation. Depreciation as applied under this policy will not exceed 50% of any item of claimed damages.

CONDITIONS

1. **Policy Period.** This policy applies only to loss which occurs during the policy period.
2. **Insurable Interest and Limit of Liability.** Even if more than one person has an insurable interest in the property covered, we will not be liable in any loss:
 - a. for an amount greater than the interest of a person insured under this policy; or
 - b. for more than the applicable limit of liability.Each time there is a loss to any building insured under Dwelling, Outbuilding, or Mobile Home/Manufactured Home coverage, the amount of insurance applicable to that building for any loss will be reduced by the amount of the loss. As repairs are made, the amount of insurance will be reinstated up to the limit of liability shown on the declaration page.
3. **Policy A Liquidated Demand.** A fire insurance policy, in case of a total loss by fire of property insured, shall be held and considered to be a liquidated demand against the company for the full amount of such policy. The provisions of this article shall not apply to personal property.
4. **Concealment and Fraud.** This policy is void as to you, if you have intentionally concealed or misrepresented any material fact or circumstance, made false statements or committed fraud relating to this insurance, whether before or after a loss. Failure to notify us of duplicate insurance coverage on insured property constitutes fraud and this policy is subject to cancellation.
5. **Residential Community Property.** This policy, subject to all other terms and conditions, when covering residential community property, as defined by state law, shall remain in full force and effect as to the interest of each spouse covered, irrespective of divorce or change of ownership between the spouses unless excluded by endorsement attached to this policy, until the expiration of the policy or until cancelled in accordance with the terms and conditions

of this policy.

6. **Roof Replacement.** If we tender benefits for replacement of a roof on an insured structure whether based on Actual Cash Value or Replacement Cost Coverage, and in accordance with your duties to protect and maintain the insured structure otherwise set forth in the policy, you are required to fully replace the roof. Beginning 45 days from the date the benefits are tendered, there will be no coverage for any loss whatsoever for damage to the roof, or any damage to the interior or exterior of the insured structure resulting from or relating to the roof, until the roof is completely replaced.
7. A. **Your Duties After Loss.** In case of a loss to covered property caused by a **Peril Insured Against**, you must:
 - (1) give prompt written notice to us of the facts relating to the claim.
 - (2) in case of loss by theft, report the claim to us and to the police within 10 days of the occurrence.
 - (3) in case of loss by lightning, report the claim to us within 20 days of the occurrence.
 - (4) (a) protect the property from further damage.
(b) make reasonable and necessary repairs to protect the property.
(c) keep an accurate record of repair expenses.
 - (5) furnish a complete inventory of damaged personal property showing the quantity, description and amount of loss. Attach all bills, receipts and related documents which you have that justify the figures in the Inventory.
 - (6) as often as we reasonably require:
 - (a) provide us access to the damaged property.
 - (b) provide us with pertinent records and documents we request and permit us to make copies.
 - (c) submit to examination under oath and sign and swear to it.

- (7) send to us, if we request, your signed sworn proof of loss within 91 days of our request on a standard form supplied by us. We must request a signed sworn proof of loss not later than the 15th day after we receive your written notice, or we waive our right to require a proof of loss. Such waiver will not waive our other rights under this policy.
 - (a) This proof of loss shall state, to the best of your knowledge and belief:
 - (1) the time and cause of loss;
 - (2) the interest of the Insured and all other in the property including all liens on the property;
 - (3) other insurance which may cover the loss;
 - (4) the actual cash value of each item of property and the amount of loss to each item; and
 - (5) the name of the occupant and the occupancy of the property at the time of the loss.
- B. Our Duties After Loss.**
- (1) Not later than the 15th day after we receive your written notice of claim, we must:
 - (a) acknowledge receipt of the claim.
If our acknowledgement of the claim is not in writing, we will keep a record of the date, method and content of our acknowledgement.
 - (b) begin any investigation of the claim.
 - (c) specify the information you must provide in accordance with item 6.a. above.
We may request additional information, if during the investigation of the claim such additional information is necessary.
 - (2) After we receive the information we request, we must notify you in writing of the status of your claim:
 - (a) within 15 business days; or
 - (b) within 30 days if we have reason to believe the loss resulted from arson.
 - (3) If we do not approve payment of your claim, we must:
 - (a) give the reason for denying your claim, or
 - (b) give the reasons we require additional time to process your claim. But, we must either approve or deny your claim within 45 days after our request for additional time.
8. **Loss Settlement.** Our limit of liability and payment for covered losses will not exceed the smallest of the following:
 - a. the actual cash value at the time of loss determined with proper deduction for depreciation;
 - b. the cost to repair or replace the damaged property with material of like kind and quality, with proper deduction for depreciation; or
 - c. the specified limit of liability of the policy.
 9. **Salvage Rights.** If we notify you that we will pay your claim or part of your claim, the notice must also state whether we will or will not take all or any part of the damaged property. We must bear the expense of our salvage rights.
 10. **Appraisal.** If you and we fail to agree on the actual cash

value, amount of loss, or cost of repair or replacement, either can make a written demand for appraisal. Each will then select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. 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 district court of a judicial district where the loss occurred. The two appraisers will then set the amount of loss, stating separately the actual cash value and loss to each item.

If the appraisers fail to agree, they will submit their differences to the umpire. An itemized decision agreed to by any two of these three and filed with us will set the amount of the loss. Such award shall be binding on you and us. Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally.

11. **Other Insurance.** If property covered by this policy is also covered by other insurance, we will pay only the proportion of a loss caused by any **Peril Insured Against** under this policy that the limit of liability applying under this policy bears to the total amount of insurance covering the property. If personal property is insured specifically under any other policy, then this policy applies as excess insurance over the specific insurance. Failure to notify us of duplicate insurance coverage when a claim is made constitutes fraud and this policy is subject to cancellation.
12. **Loss Payment.**
 - a. If we notify you that we will pay your claim, or part of your claim, we must make payment not later than the 5th business day after we notify you.
 - b. If payment of your claim or part of your claim requires the performance of an act by you, we must make payment not later than the 5th business day after the date you perform the act.
13. **Catastrophe Claims.** If a claim results from a weather related catastrophe or a major natural disaster, each claim handling deadline shown under the Duties After Loss and Loss Payment provisions is extended for an additional 15 days.
Catastrophe or major natural disaster means a weather related event which:
 - a. is declared a disaster under the Texas Disaster Act of 1975; or
 - b. is determined to be a catastrophe by the State Board of Insurance.
14. **Suit Against Us.** No suit or action can be brought unless the policy provisions have been complied with. Action brought against us must be started within two years and one day after the cause of action accrues.
15. **Subrogation.** Payment of any loss by us is an automatic assignment of all right to recovery against any party causing such loss to the extent that payment was made by us. The insured may not waive his right of recovery from any party. If an assignment is sought, an insured must sign and deliver all related papers and cooperate with us.
16. **Abandonment of Property.** There can be no abandon-

ment of property to us.

17. **No Benefit to Bailee.** We will not recognize any assignment or grant any coverage for the benefit of a person or organization holding, storing or moving property for a fee.
18. **Vacancy.** We do not cover any dwelling that becomes unoccupied for more than 60 days, unless you secure a Vacancy Permit Endorsement from us for additional premium paid. All property insured under a Vacancy Permit Endorsement must be maintained in good, safe and insurable condition and the premises must be kept clean and free of trash and debris. Vacant property may be cancelled or non-renewed after a period of one (1) year if property condition warrants.
19. **Liberalization.** If we adopt a revision which would broaden or extend the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened or extended coverage will immediately apply to this policy.
20. **Waiver or Change of Policy Provisions.** Changes in this policy may be made and perils insured against added only by attaching a written properly executed endorsement. No provision of this policy may be waived unless the terms of this policy allow the provision to be waived. Our request for an appraisal or examination will not waive any of our rights.
21. **Mortgage Clause (without contribution).**
 - a. The word "mortgagee" includes trustee.
 - b. We will pay for any covered loss of or damage to buildings or structures to the mortgagee shown on the declarations page as interests appear.
 - c. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building or structure.
 - d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgagee has the right to receive loss payment if the mortgagee:
 - (1) at our request, pays any premiums due under this policy, if you have failed to do so.
 - (2) submits a signed, sworn statement of loss within 91 days after receiving notice from us of your failure to do so.
 - (3) has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgagee.All of the terms of this policy will then apply directly to the mortgagee. Failure of the mortgagee to comply with d.(1), d.(2) or d.(3) above shall void this policy as to the interest of the mortgagee.
 - e. If we pay the mortgagee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - (1) the mortgagee's rights under the mortgage will be transferred to us to the extent of the amount we pay.
 - (2) the mortgagee's right to recover the full amount of the mortgagee's claim will not be impaired.At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If this policy is cancelled, we will give the mortgagee specifically named on the declaration page written notice of cancellation.

If we cancel the policy, we will give the mortgagee the same number of days notice of cancellation we give you.

If you cancel the policy, we will give the mortgagee notice of cancellation to be effective on the date stated in the notice. The effective date of cancellation cannot be before the 10th day after we mail notice.

We will not give notice of cancellation to any successor or assignee of the mortgagee named in this policy.
 - g. If the property described under Dwelling, Outbuilding or Mobile Home/Manufactured Home coverage is foreclosed upon under the deed of trust, the mortgagee may cancel this policy of insurance and will be entitled to any unearned premium from this policy.

The mortgagee must credit any unearned premium against any deficiency owed by the borrower and return any unearned premium not so credited to the borrower.
 - h. If we elect not to renew this policy, the mortgagee specifically named on the declaration page will be given written notice of the non-renewal not later than the 30th day before the date on which this policy expires.
22. **Cancellation.**
- a. You may cancel this policy at any time by notifying us of the date cancellation is to take effect. We will send you any refund due when the policy is returned to us.
 - b. We may cancel this policy only for the reasons stated in this condition by giving you notice in writing of the date cancellation takes effect.
 - (1) If this policy has been in effect for less than 90 days and is not a renewal policy, we may cancel this policy for any reason.

The effective date of cancellation cannot be before:

 - (a) the 10th day after we mail notice if we cancel for non-payment of premium.
 - (b) the 30th day after we mail notice if we cancel for any other reason.
 - (2) If this policy has been in effect 90 days or more, we may not cancel this policy unless:
 - (a) you do not pay the premium or any portion of the premium when due.
 - (b) the Texas Department of Insurance determines that continuation of the policy would violate the Texas Insurance Code or any other laws governing the business of insurance in this state.
 - (c) you submit a fraudulent claim.
 - (d) there is an increase in hazard covered by this policy that is within your control and that would produce an increase in the premium/rate of this policy.

The effective date of cancellation cannot be before the 10th day after we mail the notice. Our notice of cancellation will state the reason for cancellation.
 - c. If we cancel, our notice to you will state that if the

refund is not included with the notice, it will be returned on demand.

- d. We may not cancel this policy solely because you are an elected official.

23. Refusal to Renew.

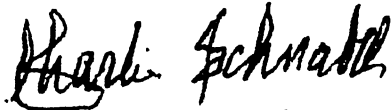
- a. We may not refuse to renew this policy because of claims for losses resulting from natural causes.
- b. We may not refuse to renew this policy solely because you are an elected official.
- c. We may refuse to renew this policy if you have filed three or more claims under the policy in any three year period that do not result from natural causes.

If you have filed two claims in a period of less than three years, we may notify you in writing, that if you file a third claim during the three year period, we may refuse to renew this policy by providing you proper notice of our refusal to renew as provided in d. below. If we do not notify you after the second claim, we may not refuse to renew this policy because of losses.

A claim does not include a claim that is filed but is not paid or payable under the policy.

- d. If we refuse to renew this policy, we must deliver to you, or mail to you at your mailing address shown on the declaration page and any mortgagee named in the declaration page, written notice of refusal to renew not later than the 30th day before the date in which this policy expires. Proof of mailing will be sufficient proof of notice. If we fail to give you proper notice of our decision to refuse renewal, you may require us to renew the policy.
24. **Assignment.** Assignment of this policy or any portion thereof will not be valid unless we are notified and a new policy or endorsement is issued. This includes but is not limited to contract of sale purchases.
25. **Death.** If the named insured dies, we insure:
- a. the named insured's spouse, if a resident of the same household at the time of death.
 - b. the legal representative of the deceased only with respect to the described premises of the named insured.

IN WITNESS WHEREOF, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by an authorized Representative of this Company.


Charlie Schnabel
Secretary


President